
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2024 and 2023



BLACK DIAMOND

GROUP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") compares the financial performance of Black Diamond Group Limited ("Black Diamond", the "Company", "our" and "we") for the three months ended September 30, 2024 (the "Quarter") with the three months ended September 30, 2023 (the "Comparative Quarter") and the nine months ended September 30, 2024 (the "Year") with the nine months ended September 30, 2023 (the "Prior Year"). This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three and nine months ended September 30, 2024 and 2023 and the audited consolidated financial statements of the Company for the years ended December 31, 2023 and 2022. The accompanying unaudited interim condensed consolidated financial statements of Black Diamond are prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A contains non-GAAP financial measures, such as Adjusted EBITDA, Adjusted EBIT, Adjusted EBITDA as a % of Revenue, Net Debt, Net Debt to TTM Adjusted Leverage EBITDA, Funds from Operations, Free Cashflow, Gross Profit Margin, Return on Assets, VAPS as a % of Rental Revenue, Gross Bookings, Net Revenue Margin and Net Capital Expenditures which do not have standardized meanings under generally accepted accounting principles ("GAAP") and, therefore may not be comparable to similar measures presented by other issuers. For definitions, reconciliations and further information please see the "Non-GAAP Financial Measures", "Financial Review - Capital Plan" and "Modular Space Solutions - Financial Highlights" sections of this MD&A. This MD&A was prepared as of October 31, 2024 and, unless otherwise indicated, all amounts are stated in Canadian dollars. Black Diamond's common shares are listed on the Toronto Stock Exchange under the symbol "BDI".

Additional information relating to Black Diamond, including Black Diamond's annual information form for the year ended December 31, 2023, may be found on the Black Diamond website at www.blackdiamondgroup.com or Black Diamond's profile on the System for Electronic Data Analysis and Retrieval+ at www.sedarplus.ca ("SEDAR+").

Certain information set forth in this MD&A contains forward-looking statements including, but not limited to, the Company's outlook for the remainder of 2024 and into 2025, expectations for and opportunities in different geographic areas, opportunities for organic investment, the Company's ability to fund organic and inorganic growth, the sales and opportunity pipeline, timing and payment of a fourth quarter dividend, the anticipated timeline for the Company's Enterprise Resource Planning ("ERP") system upgrade and implementation project, management's assessment of Black Diamond's future operations and what may have an impact on them, expectations regarding the rental rate environment, opportunities and effect of deploying investment capital, financial performance, business prospects and opportunities, changing operating environment including changing activity levels, effects on demand and performance based on the changing operating environment, expectations for demand and growth in the Company's operating and customer segments, future deployment of assets, amount of revenue anticipated to be derived from current contracts, anticipated debt levels, liquidity demands and sources, ongoing contractual terms and debt obligations, liquidity, working capital and other requirements, management's expectations regarding the ability to raise equity, sources and use of funds, economic life of the Company's assets, expected length of existing contracts and future growth and profitability of the Company. With respect to the forward-looking statements in this MD&A, Black Diamond has made assumptions regarding, among other things: future commodity prices, the future interest rate environment, that Black Diamond will continue to raise sufficient capital to fund its business plans in a manner consistent with past operations, timing and cost estimates of a new ERP system, that counterparties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond believes that the expectations reflected in the forward-looking statements contained in this MD&A, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurances that such expectations or assumptions will prove to be correct. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Black Diamond. These risks include, but are not limited to: volatility of industry conditions, the Company's ability to attract new customers, political conditions, dependence on agreements and contracts, competition, credit risk, information technology systems and cyber security, vulnerability to market changes, operating risks and insurance, weakness in industrial construction and infrastructure developments, weakness in natural resource industries, access to additional financing, dependence on suppliers and manufacturers, reliance on key personnel, and workforce availability. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond's annual information form for the year ended December 31, 2023, and other reports on file with the Canadian securities regulatory authorities which can be accessed on Black Diamond's profile on SEDAR+. Readers are cautioned not to place undue reliance on these forward-looking statements. Furthermore, the forward-looking statements contained in this MD&A are made as at the date of this MD&A and Black Diamond does not undertake any obligation to update or revise any of the forward-looking statements, except as may be required by applicable securities laws.

INVESTOR INFORMATION SERVICES

To subscribe to Black Diamond's investor news alerts please go to <https://www.blackdiamondgroup.com/investor-centre/news-alerts-subscription/>.

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EXECUTIVE SUMMARY

Key Highlights from the Third Quarter of 2024

- Consolidated rental revenue of \$37.9 million decreased a modest 4% as compared to the Comparative Quarter and was up 7% from the second quarter of 2024. Modular Space Solutions ("MSS") rental revenue of \$24.5 million, was another quarterly record and increased 11% from \$22.0 million in the Comparative Quarter, while Workforce Solutions ("WFS") rental revenue was down 23% to \$13.4 million due to the completion of two large pipeline projects at the end of 2023.
- Adjusted EBITDA¹ of \$28.8 million was down 21% from the Comparative Quarter primarily due to lower contribution from WFS, a positive settlement recognized in the Comparative Quarter of \$2.1 million related to a customer dispute from a prior year related to one project ("2023 Settlement"), as well as slightly lower custom sales contribution from MSS.
- Consolidated contracted future rental revenue at the end of the Quarter continued to grow and was up 27% from \$128.6 million at the end of the Comparative Quarter to \$163.8 million.
- Total capital expenditures for the Quarter and Year of \$23.8 million and \$94.5 million is up 18% and 71% respectively and highlights the organic growth opportunities Management continues to see across the platform to drive growing contracted future rental revenue.
- Return on Assets¹ of 19% for the Quarter continues to represent an attractive return profile given the long-life and low maintenance characteristics of the Company's rental assets.
- MSS average monthly rental rate per unit increased 10% from the Comparative Quarter (or 9% on a constant currency basis), while contracted future rental revenue increased 28% to \$127.6 million at the end of the Quarter from \$99.7 million at the end of the Comparative Quarter.
- WFS contracted future rental revenue from contracts in place was \$36.2 million, an increase of 25% from the Comparative Quarter.
- LodgeLink net revenue was a record \$3.4 million, an increase of 26% from \$2.7 million in the Comparative Quarter. Total room nights sold increased 34% from the Comparative Quarter, to a record of 147,560.
- Long term debt and Net Debt¹ at the end of the Quarter increased 28% and 24% since December 31, 2023, to \$243.2 million and \$228.4 million, respectively. The increase is primarily attributable to growth capital expenditure during the year. Net Debt to trailing twelve month ("TTM") Adjusted Leverage EBITDA¹ of 2.2x is at the low-end of the Company's target range of 2.0x to 3.0x, while available liquidity was \$98.4 million at the end of the Quarter.
- Given continued strength across the rental platform, subsequent to the end of the Quarter, the Company announced a 17% increase to its quarterly dividend from \$0.03 to \$0.035 per quarter. The fourth quarter dividend of \$0.035 is payable on or about January 15, 2025 to shareholders of record on December 31, 2024.

¹ Adjusted EBITDA and Net Debt are non-GAAP financial measures. Net Debt to TTM Adjusted Leverage EBITDA and Return on Assets are non-GAAP ratios. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

OUTLOOK

The Company remains well-positioned for continued growth for the remainder of 2024 and into 2025. The positive outlook for the business is driven in-part by over \$163.8 million of contracted future rental revenue, up 27% from the end of the Comparative Quarter. The meaningful growth in future contracted rental revenues has been driven by the Company's disciplined organic growth initiatives this year with \$94.5 million of gross capital expenditures for the Year, as well as renewals of existing contracts.

During the Quarter, MSS generated a record \$24.5 million in rental revenue, up 11% from the Comparative Quarter, driven by increased average rental rates and ongoing organic fleet investment, slightly offset by a moderate decline in utilization. Current utilization remains at healthy levels for the MSS platform in the context of long-term industry trends. Sales revenue declined 25% from a historically strong Comparative Quarter, but increased from the first half of 2024 as previously delayed projects reach completion. Non-rental revenue in the Quarter was up 24% from the Comparative Quarter, as installation activity remained robust for both the rental fleet and custom sales. MSS contracted future rental revenue continues to grow and ended the Quarter at \$127.6 million, up 28% or \$27.9 million from the Comparative Quarter, with an average rental duration of 51 months. Demand remains strong in key infrastructure and education verticals which continues to support ongoing deployment of organic fleet growth into 2025.

For the Year, WFS performance is modestly below the Prior Year with revenue and Adjusted EBITDA down 12% and 6%, respectively, despite the completion of two large projects at the end of 2023. For the Quarter, revenue and Adjusted EBITDA was down 31% and 39%, respectively, primarily due to a high degree of contribution from these aforementioned projects in the Comparative Quarter. Management continues to focus on growing rental revenues through improving utilization across our WFS geographies amidst a generally higher rate environment. The WFS sales pipeline and opportunity set remain robust with contracted future rental revenue increasing 25% to \$36.2 million.

LodgeLink performance continued to set quarterly records as Gross Bookings² for the Quarter were up 31% to \$27.2 million and net revenue grew 26% from the Comparative Quarter to a record \$3.4 million. Total room nights sold in the Quarter rose 34% from the Comparative Quarter to a record 147,560. The LodgeLink supply network also continues to scale with over 1.7 million rooms of capacity in over 17,000 North American properties. Management remains focused on efficiently growing LodgeLink net revenue and based on current trends, expects modest positive EBITDA contribution from LodgeLink in 2025.

With respect to the Company's ongoing ERP upgrade and implementation project, the Company has set a remaining budget of \$11.9 million for the ERP upgrade related to Black Diamond's MSS and Corporate segments with anticipated implementation in early 2026.

Black Diamond remains focused on driving profitable growth while compounding the Company's high-margin, recurring rental revenue streams in both North America and Australia. The Company is well positioned to fund continued organic and inorganic growth with liquidity of \$98.4 million, and Net Debt to TTM Adjusted Leverage EBITDA² of 2.2x, which is at the low end of the Company's targeted range of 2.0x to 3.0x. The outlook to close out calendar 2024 remains positive and the Company maintains strong momentum into 2025 supported by healthy contracted rental revenues, a growing fleet of long-lived assets, a robust sales pipeline, and the continued scaling of LodgeLink.

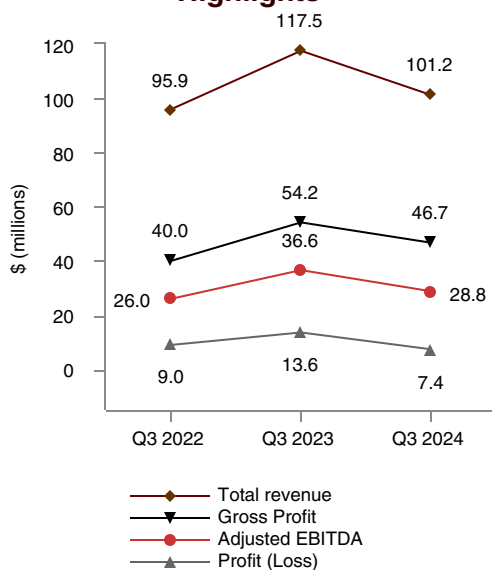
² Adjusted EBITDA and Gross Bookings are non-GAAP financial measures. Net Revenue Margin and Net Debt to TTM Adjusted Leverage EBITDA are non-GAAP ratios. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

FINANCIAL REVIEW

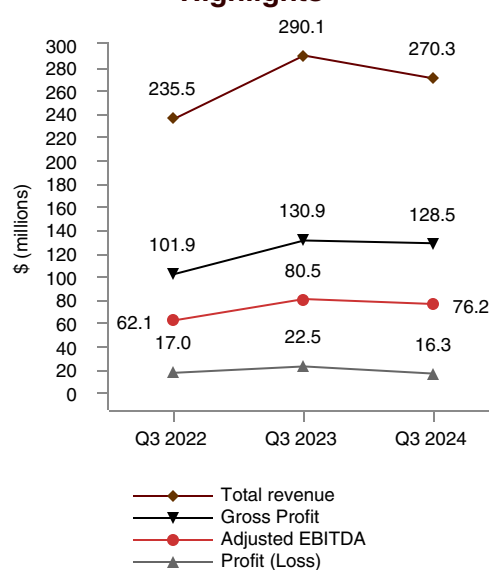
- Revenue for the Quarter was \$101.2 million, down 14% or \$16.3 million from the Comparative Quarter, mainly due to decreases in lodging revenue, which was down 51% from the Comparative Quarter as a result of some significant projects reaching completion, and non-rental revenue, which was down by 9% primarily in WFS. The decreases in lodging revenue and non-rental revenue in WFS were partially offset by an increase in non-rental revenue in MSS.
- Adjusted EBITDA³ for the Quarter was \$28.8 million, down 21% or \$7.8 million from \$36.6 million in the Comparative Quarter, primarily due to decreases in lodging and non-rental revenue and an increase in administrative expenses.
- Excluded from Adjusted EBITDA are non-recurring items related to ERP implementation and related costs of \$0.3 million, up from \$nil in the Comparative Quarter.
- Profit for the Quarter was \$7.4 million, down 46% or \$6.2 million from \$13.6 million in the Comparative Quarter.
- The Company exited the Quarter with a Net Debt to TTM Adjusted Leverage EBITDA³ ratio of 2.2x (September 30, 2023 - 1.9x).

³ Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA as a % of Revenue and Net Debt to TTM Adjusted Leverage EBITDA are non-GAAP ratios. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

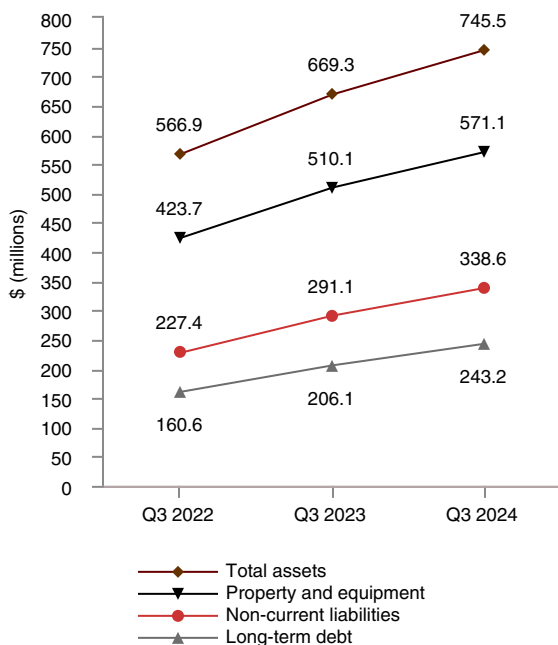
Three Months Ended September 30, Financial Highlights



Nine Months Ended September 30, Financial Highlights



As at September 30, Financial Highlights



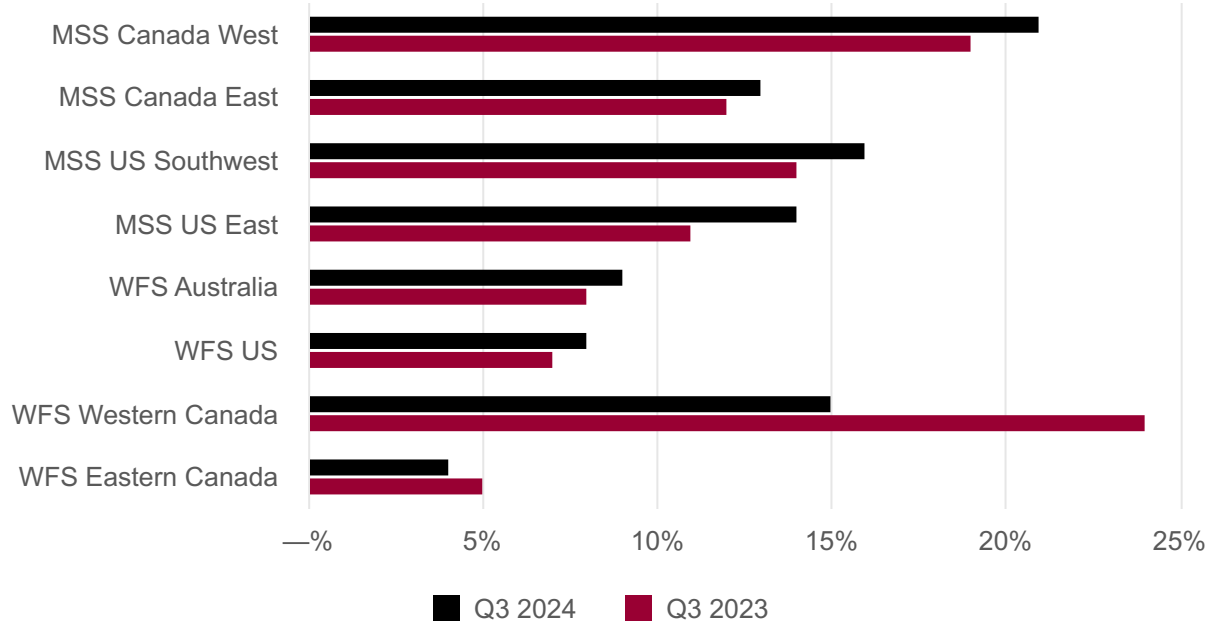
⁴ Adjusted EBITDA is a non-GAAP financial measure. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

Geographic Revenue Segmentation

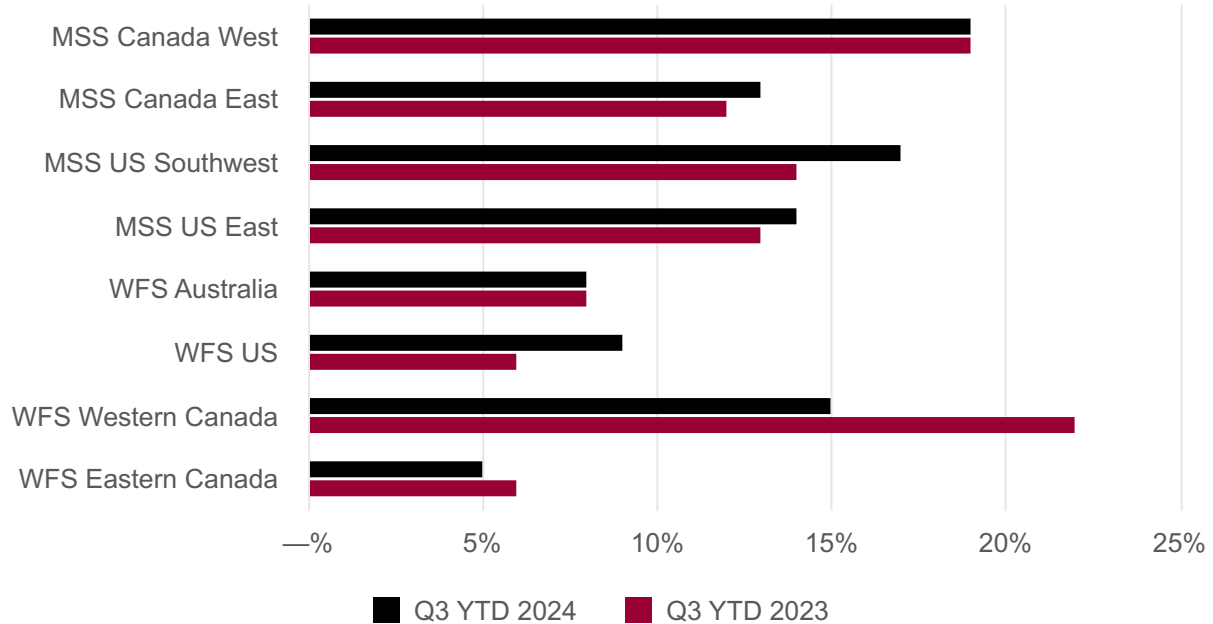
(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Revenue						
Canada	49.3	58.0	(15)%	143.1	150.4	(5)%
United States	46.4	46.2	—%	106.6	110.8	(4)%
Australia	5.5	13.3	(59)%	20.6	28.9	(29)%
Total	101.2	117.5	(14)%	270.3	290.1	(7)%

Percentage of total revenue	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Revenue						
Canada	48.7%	49.4%	(70) bps	53.0%	51.8%	120 bps
United States	45.9%	39.3%	660 bps	39.4%	38.2%	120 bps
Australia	5.4%	11.3%	(590) bps	7.6%	10.0%	(240) bps
Total	100.0%	100.0%	—%	100.0%	100.0%	—%

QTD Rental Revenue by Geography

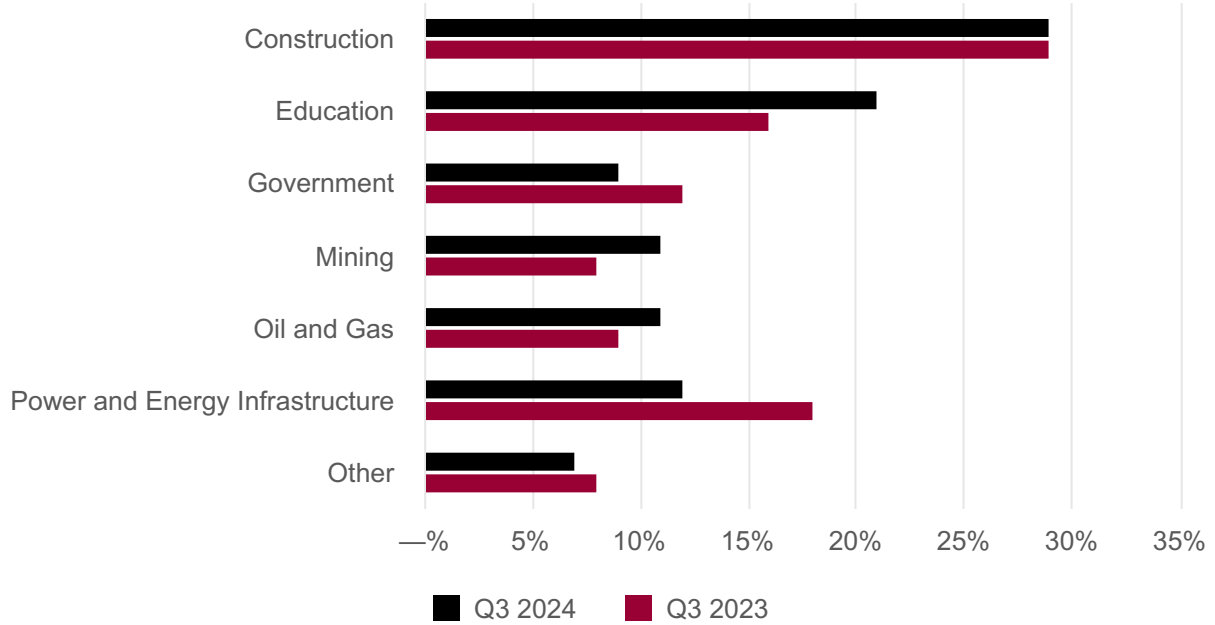


YTD Rental Revenue by Geography

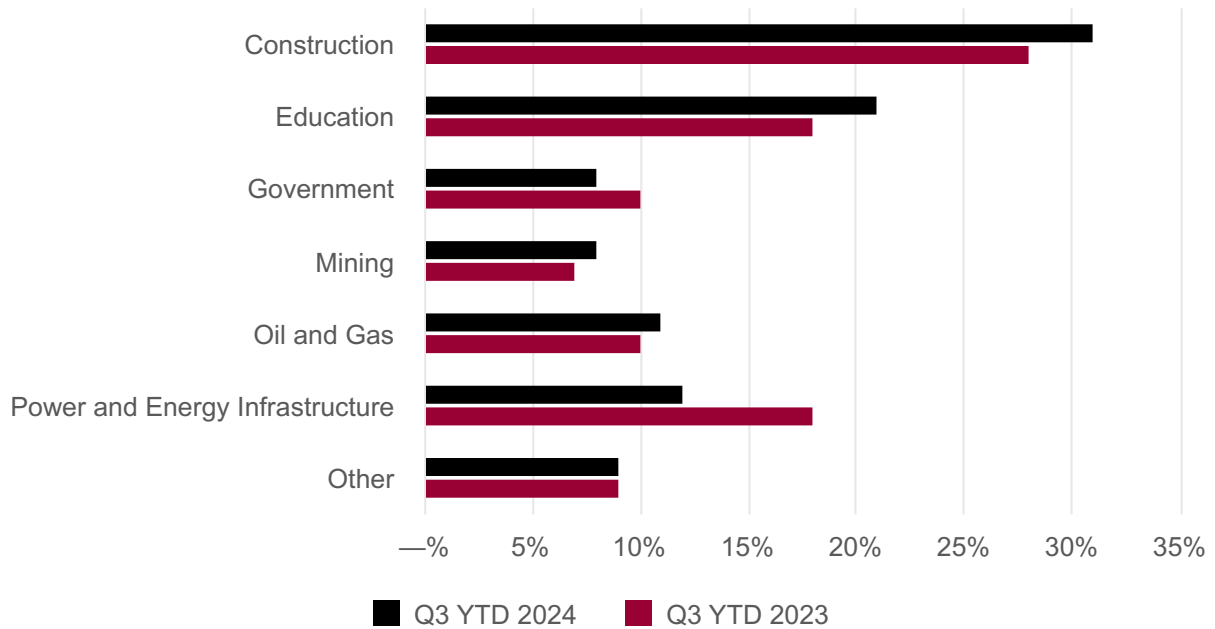


Rental revenue continues to balance more evenly across the operating regions, providing increasing geographic diversification. Significant projects in WFS Western Canada were completed late in 2023.

QTD Rental Revenue by Industry



YTD Rental Revenue by Industry



Rental revenue saw a decrease in the Power and Energy Infrastructure as significant projects were completed in late 2023. The Education industry segment saw an increase in new projects with classrooms in 2024.

Capital Plan

Net Capital Expenditures is a non-GAAP financial measure which is calculated as total capital expenditures less revenue from used fleet sales. A reconciliation to total capital expenditures, the most comparable GAAP measure, is provided below. Management believes this non-GAAP financial measure is an important supplemental measure as it emphasizes cash used or generated on fleet purchases and disposals relating to the net change in property and equipment and intangible assets.

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024 \$	2023 \$	Change %	2024 \$	2023 \$	Change %
Total capital expenditures	23.8	20.1	18%	94.5	55.2	71%
Used fleet sales revenue	5.5	4.8	15%	18.6	13.7	36%
Net Capital Expenditures	18.3	15.3	20%	75.9	41.5	83%
Maintenance capital	3.2	1.8	78%	9.3	6.1	52%
Capital commitments	17.6	14.7	20%	17.6	14.7	20%

The Company's total capital expenditures increased by \$3.7 million, or 18% compared to the Comparative Quarter due to the increase in the Company's investment related to contracted and project specific organic fleet growth in the Quarter. The total capital expenditures in the Year include an acquisition of 329 space rentals unit fleet purchased for \$20.5 million.

SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial and operating information that has been derived from, and should be read in conjunction with the unaudited interim condensed consolidated financial statements of Black Diamond for the three and nine months ended September 30, 2024 and 2023.

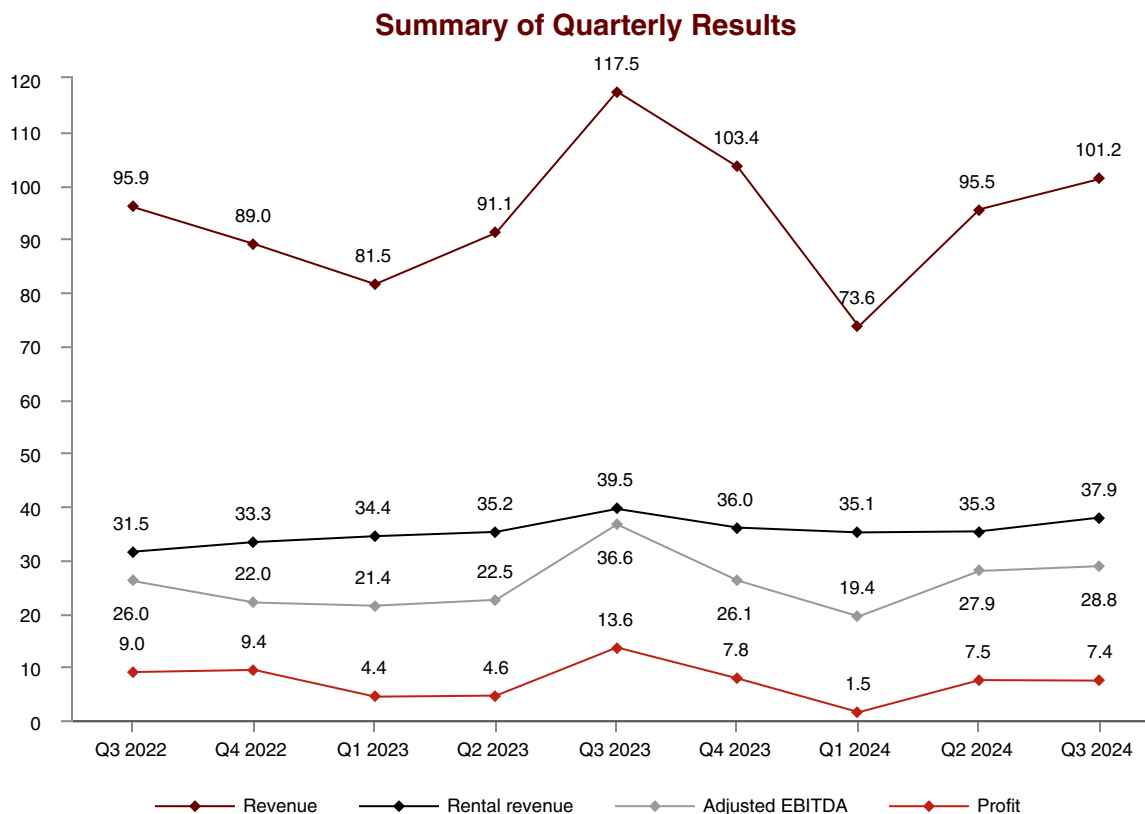
(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Financial Highlights	\$	\$	%	\$	\$	%
Total revenue	101.2	117.5	(14)%	270.3	290.1	(7)%
Gross profit	46.7	54.2	(14)%	128.5	130.9	(2)%
Administrative expenses	18.2	17.5	4%	55.0	50.3	9%
Adjusted EBITDA ⁽⁵⁾	28.8	36.6	(21)%	76.2	80.5	(5)%
Adjusted EBIT ⁽⁵⁾	16.2	24.0	(33)%	41.7	47.5	(12)%
Funds from Operations ⁽⁵⁾	31.2	39.2	(20)%	80.5	86.7	(7)%
Per share (\$)	0.51	0.65	(22)%	1.32	1.44	(8)%
Profit before income taxes	10.3	18.7	(45)%	22.6	32.0	(29)%
Profit	7.4	13.6	(46)%	16.3	22.5	(28)%
Earnings per share - Basic (\$)	0.12	0.22	(45)%	0.27	0.37	(27)%
Earnings per share - Diluted (\$)	0.12	0.22	(45)%	0.26	0.37	(30)%
Capital expenditures	23.8	20.1	18%	94.5	55.2	71%
Property & equipment	571.1	510.1	12%	571.1	510.1	12%
Total assets	745.5	669.3	11%	745.5	669.3	11%
Long-term debt	243.2	206.1	18%	243.2	206.1	18%
Cash and cash equivalents	15.1	5.6	170%	15.1	5.6	170%
Return on Assets (%) ⁽⁵⁾	19.3%	27.3%	(800) bps	17.5%	20.2%	(270) bps
Free Cashflow ⁽⁵⁾	19.6	30.6	(36)%	47.2	60.8	(22)%

Margin Summary	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
(Percent of revenue)						
Gross profit	46.1%	46.1%	— bps	47.5%	45.1%	240 bps
Administrative expenses	18.0%	14.9%	310 bps	20.3%	17.3%	300 bps
Adjusted EBITDA ⁽⁵⁾	28.5%	31.1%	(260) bps	28.2%	27.7%	50 bps

⁵ Adjusted EBITDA, Adjusted EBIT, Funds from Operations and Free Cashflow are non-GAAP financial measures. Return on Assets is a non-GAAP ratio. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous nine quarters:



In Q4 2022, revenue and Adjusted EBITDA⁶ decreased compared to Q3 2022 due to decreased non-rental revenue and sales in the quarter. Profit increased due to the positive margin impact on certain key drivers like lodging and rental revenue. In addition, there was a \$4.4 million impairment reversal, net of tax recognized.

In Q1 2023, revenue, Adjusted EBITDA⁶ and profit decreased compared to Q4 2022 due to decreased non-rental, sales and lodge services revenue in the quarter. In addition, profit was negatively impacted by a \$1.2 million increase in depreciation and amortization due to an impairment reversal in Q4 2022, as well as a \$0.9 million increase in share-based compensation.

In Q2 2023, revenue, Adjusted EBITDA⁶ and profit increased compared to Q1 2023 due to increased rental, non-rental, lodge services and sales revenue. Increase in profit was negatively impacted by higher administrative expenses, finance costs and depreciation, partially offset by lower share-based compensation expense in the quarter.

⁶ Adjusted EBITDA is a non-GAAP financial measure. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure.

In Q3 2023, revenue, Adjusted EBITDA⁷ and profit increased compared to Q2 2023 due to increased rental revenue, non-rental revenue, and sales revenue, partially offset by higher administrative expenses and finance costs.

In Q4 2023, revenue, Adjusted EBITDA⁷ and profit decreased compared to Q3 2023 due to a decrease in lodging revenue and rental revenue, as well as higher administrative expenses.

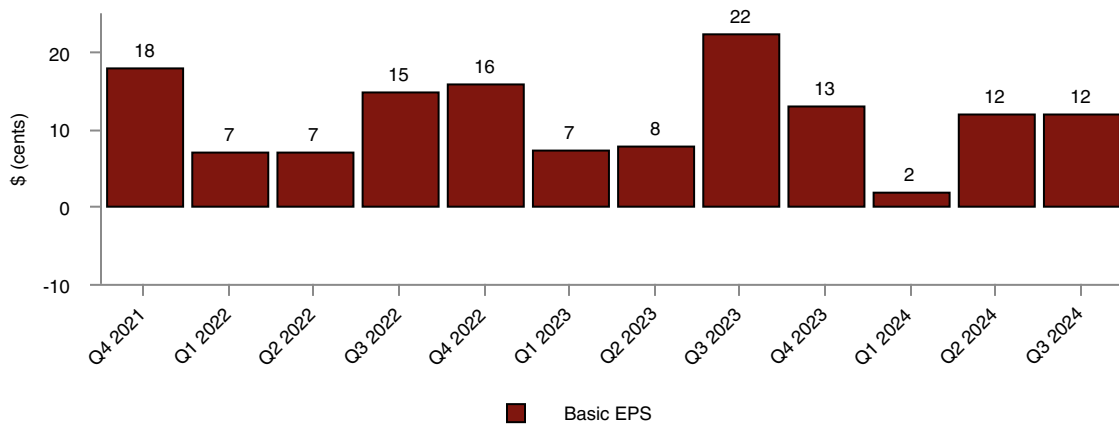
In Q1 2024, revenue, Adjusted EBITDA⁷ and profit decreased compared to Q4 2023 due to a decrease in sales revenue, non-rental revenue and lodging revenue, as well as higher administrative expenses.

In Q2 2024, revenue, Adjusted EBITDA⁷ and profit increased compared to Q1 2024 due to an increase in sales, non-rental and lodging revenue combined with a higher gross profit, offset by an increase in administrative expenses and deferred income taxes.

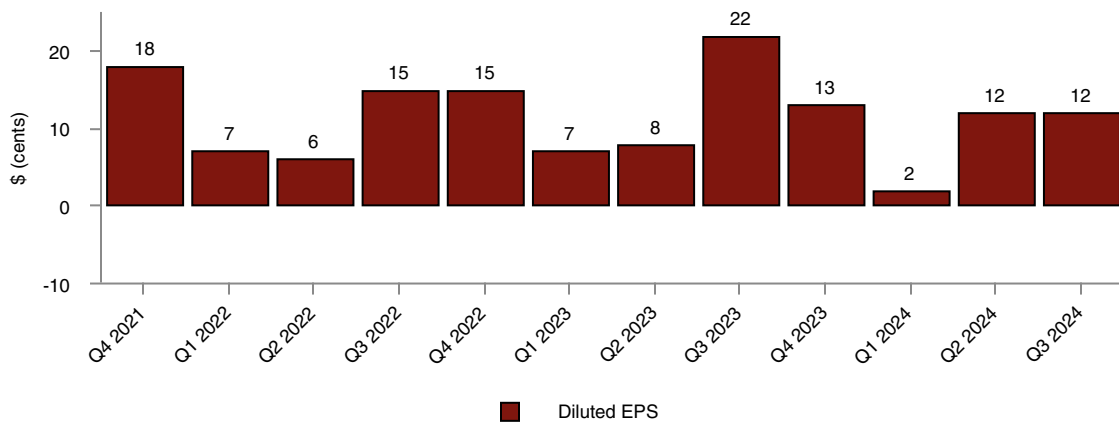
In Q3 2024, revenue and Adjusted EBITDA⁷ increased compared to Q2 2024 due to an increase in rental and non-rental revenue and lower administrative costs. This was partially offset by higher depreciation and finance costs, resulting in a slight decline in profit for the Quarter.

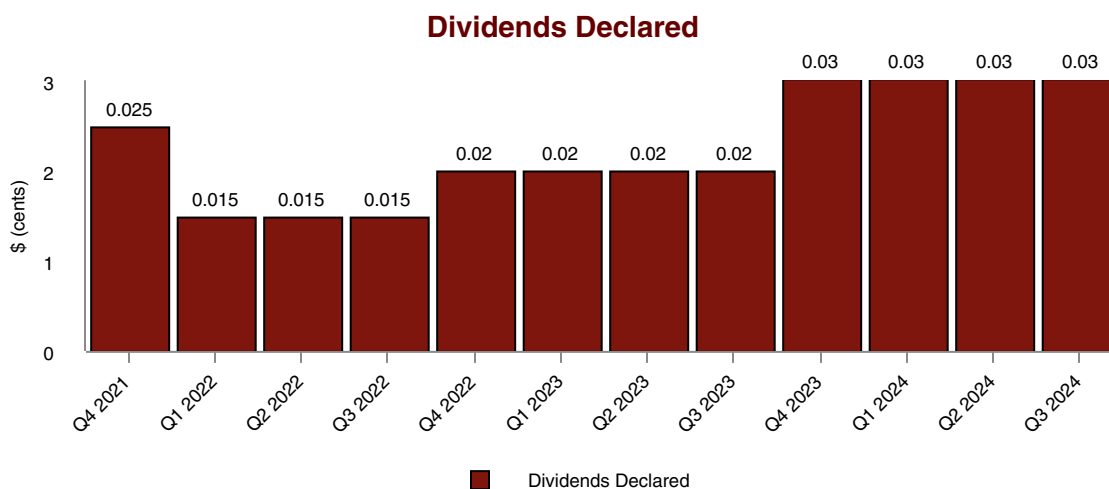
⁷ Adjusted EBITDA is a non-GAAP financial measure. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure.

Basic Earnings Per Share



Diluted Earnings Per Share





In Q4 2021, the Company declared and subsequently paid two dividends on its common shares in the amount of \$0.0125 each or \$0.0250 per share.

In Q1 2022, the Company increased its annual dividend per share payout by 20% from \$0.05 to \$0.06 and paid quarterly dividends of \$0.015 per share in each of the first quarter, second quarter and third quarter.

In Q4 2022, the Company increased its annual dividend per share payout by 33% from \$0.06 to \$0.08 and declared and subsequently paid a fourth quarter dividend of \$0.02 per share.

In the first quarter, second quarter and third quarter of 2023, the Company paid quarterly dividends on its common shares in the amount of \$0.02 per share.

In Q4 2023, the Company increased its annual dividend per share payout by 50% from \$0.08 to \$0.12 and declared and subsequently paid a fourth quarter dividend on its common shares in the amount of \$0.03 per share.

In Q1 2024, the Company declared a first quarter dividend of \$0.03 which was subsequently paid on April 15, 2024, to shareholders of record on March 31, 2024.

In Q2 2024, the Company declared a second quarter dividend of \$0.03 which was subsequently paid on July 15, 2024, to shareholders of record on June 30, 2024.

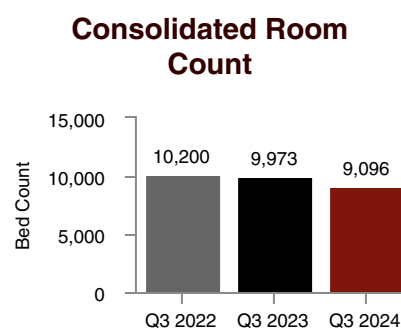
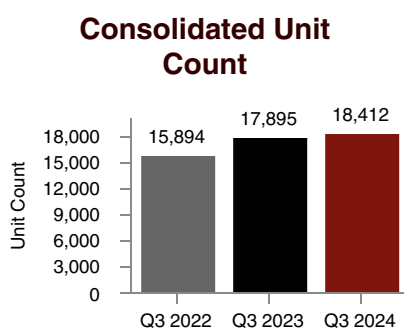
In the Quarter, the Company declared a third quarter dividend of \$0.03 which was subsequently paid on October 15, 2024, to shareholders of record on September 30, 2024.

All dividends paid and declared are designated as “eligible dividends” for Canadian income tax purposes.

CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet increased to 18,412 units at the end of the Quarter compared with 17,895 at the end of the Comparative Quarter with an increase of 981 units in MSS due to an addition of 1,373 new units, of which 329 space rental units were acquired as part of the asset purchase on June 28, 2024, partially offset by a disposal of 392 MSS units and 464 units in WFS due to used fleet sales. Consolidated unit count includes accommodation units, modular space rental units and surface rental units. Consolidated room count in Black Diamond's global fleet decreased to 9,096 rooms in the Quarter compared with 9,973 rooms in the Comparative Quarter due to used fleet sales in WFS.



Fleet Utilization Rates

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Modular Space Solutions	80.3%	83.1%	(280) bps	80.8%	83.7%	(290) bps
Workforce Solutions	63.5%	73.0%	(950) bps	63.1%	71.2%	(810) bps
Consolidated	75.8%	80.0%	(420) bps	75.9%	79.9%	(400) bps

Black Diamond measures utilization on the basis of the net book value of assets on rent divided by the net book value of the business unit's total fleet assets. Utilization rates were revised to include assets deployed in lodge services for WFS in the fourth quarter of 2023. This has resulted in increases in consolidated utilization of 160 basis points for the Comparative Quarter and 170 basis points for the Prior Year.

Q3 2024 vs Q3 2023

Utilization for MSS was 80.3%, down 280 basis points from the Comparative Quarter but remains healthy relative to long term industry trends. The decrease in utilization for WFS from 73.0% to 63.5% is due to lower utilization across all regions as a result of certain significant contracts reaching completion in late 2023.

Year to Date 2024 vs 2023

Utilization for MSS was 80.8%, down 290 basis points from the Prior Year, but remains healthy relative to long term industry trends. The decrease in utilization in WFS from 71.2% to 63.1% is due to lower utilization in Canada and Australia, partially offset by increased utilization in the U.S.

Revenue

Black Diamond's revenues are broken out into four categories: rental, sales, non-rental and lodge services:

Rental Revenues are associated with the rental of Black Diamond's owned assets to customers. Rental revenue carries the highest margin of the Company's revenues.

Sales Revenues are derived from the sale of both new and used assets, including modular space, workforce accommodations, wellsite accommodations and surface equipment assets.

Non-Rental Revenues are derived from a number of services that are typically associated with the rental or sale of the Company's modular space or workforce assets, including the delivery, installation, pickup, dismantling of assets, sublease equipment, maintenance and catering services. The services offered are often required to support the deployment and remobilization of these assets. Also included in non-rental revenue is the revenue earned on bookings at third party lodges and hotels through LodgeLink.

Lodge Services Revenues are generated from provision of full turnkey lodge services provided to customers. The rooms in our lodge services fleet are marketed to individual customers at man day rates through LodgeLink or are contracted with customers for specific rates and/or number of man days. A man day is defined as one overnight stay in one room at a lodge and is used in calculating occupancy.

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Rental revenue	37.9	39.5	(4)%	108.3	109.0	(1)%
Sales revenue	20.6	23.5	(12)%	52.1	56.8	(8)%
Non-rental revenue	34.6	38.1	(9)%	85.7	91.5	(6)%
Lodge services revenue	8.1	16.4	(51)%	24.2	32.8	(26)%
Total revenue	101.2	117.5	(14)%	270.3	290.1	(7)%

Percentage of consolidated revenue	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change ⁽¹⁾
Rental revenue	37.4%	33.6%	380 bps	40.0%	37.6%	240 bps
Sales revenue	20.4%	20.0%	40 bps	19.3%	19.6%	(30) bps
Non-rental revenue	34.2%	32.4%	180 bps	31.7%	31.5%	20 bps
Lodge services revenue	8.0%	14.0%	(600) bps	9.0%	11.3%	(230) bps

Q3 2024 vs Q3 2023

Rental revenue for the Quarter was \$37.9 million down 4% or \$1.6 million to the Comparative Quarter, primarily due to a \$4.1 million decrease in WFS rental revenue with lower utilization across all regions. This decrease is partially offset by a \$2.5 million increase in MSS rental revenue due to improved average rental rates and an increase in the number of units for rent in the U.S. and Canada.

Sales revenue for the Quarter was \$20.6 million, down 12% or \$2.9 million from the Comparative Quarter driven by a \$5.3 million decrease in MSS sales revenue with lower custom and used fleet sales, partially offset by a \$2.4 million increase in WFS sales revenue primarily with higher used fleet sales in Canada and Australia and higher custom fleet sales in the U.S.

Non-rental revenue for the Quarter was \$34.6 million, down 9% or \$3.5 million from the Comparative Quarter, primarily due to a \$7.7 million decrease in WFS non-rental revenue resulting from a decrease in installation and transportation revenue in Canada and Australia, and sublease activity in Australia. This is partially offset by a \$4.2 million increase in MSS non-rental revenue from higher installation and transportation revenue.

Lodge services revenue for the Quarter was \$8.1 million, down 51% or \$8.3 million from the Comparative Quarter due to reduced occupancy as a result of certain significant projects reaching completion in late 2023.

Year to Date 2024 vs 2023

Rental revenue for the Year was \$108.3 million, down 1% or \$0.7 million from the Prior Year driven by a decrease of \$5.5 million in WFS rental revenue due to lower utilization in Canada and Australia, partially offset by increased utilization in the U.S and higher average rates in all regions. In addition, there was an increase of \$4.8 million in MSS rental revenue with improved average rental rates and a larger fleet size.

Sales revenue for the Year was \$52.1 million, down 8% or \$4.7 million from the Prior Year primarily due to a \$14.5 million decrease in MSS sales revenue with decreased custom and used fleet sales in all regions. This was partially offset by an increase of \$9.8 million in WFS sales revenue with increased used and custom fleet sales in all regions.

Non-rental revenue for the Year was \$85.7 million, down 6% or \$5.8 million from the Prior Year primarily due to a \$11.7 million decrease in WFS non-rental revenue as a result of decreases in installation revenue in Canada and Australia, transportation activity in all regions and sublease activity in Australia. This was partially offset by increased net revenue from Lodgeline, increased installation activity in WFS U.S., and an increase of \$5.9 million in MSS non-rental revenue from higher installation revenue.

Lodge services revenue for the Year was \$24.2 million, down 26% or \$8.6 million from the Prior Year from reduced occupancy as certain significant projects have reached completion.

Direct Costs and Gross Profit

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Direct costs	54.5	63.3	(14)%	141.8	159.3	(11)%
Gross profit	46.7	54.2	(14)%	128.5	130.9	(2)%

Percentage of consolidated revenue	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Direct costs	53.9%	53.9%	— bps	52.5%	54.9%	(240) bps
Gross Profit Margin ⁽⁸⁾	46.1%	46.1%	— bps	47.5%	45.1%	240 bps

Gross Profit Margin⁸ fluctuates depending on the mix between rental, sales, non-rental and lodge services revenue streams. Revenue streams ancillary to rental revenue generally realize lower gross margins than fleet rental margins.

⁸ Gross Profit Margin is a non-GAAP financial measure. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure.

Direct costs related to rental revenue include labour, fuel, materials, freight, maintenance and servicing of rental units. Direct costs related to lodge services revenue include catering services, utilities costs, consumable materials and other services required to provide turnkey lodge services. From time to time, Black Diamond will sell used units from its fleet, rent equipment from third parties and re-rent the equipment, provide installation and render other services to customers. These activities are captured in sales and non-rental revenues. Direct costs related to non-rental and sales revenues include the net book value of used units that have been sold, the cost of units sub-leased from others, and the cost of third parties in delivering some of these services.

Direct Costs (\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024 \$	2023 \$	Change %	2024 \$	2023 \$	Change %
Construction and transportation services	19.1	21.1	(9)%	48.1	53.1	(9)%
Custom sales	11.9	13.7	(13)%	26.4	33.0	(20)%
Labour costs	5.4	5.3	2%	16.7	15.7	6%
Catering, utilities and other consumable costs	5.8	9.5	(39)%	16.0	23.1	(31)%
Repairs and maintenance	5.0	4.2	19%	13.9	11.8	18%
Used fleet sales	2.7	3.0	(10)%	8.6	8.1	6%
Subleased equipment	2.9	4.8	(40)%	7.7	9.9	(22)%
Other direct costs	1.1	1.3	(15)%	2.9	3.1	(6)%
Fleet insurance	0.4	0.2	100%	0.8	0.8	—%
Rent expense - subleased properties	0.2	0.2	—%	0.7	0.7	—%
Total direct costs	54.5	63.3	(14)%	141.8	159.3	(11)%

Q3 2024 vs Q3 2023

Direct costs for the Quarter were \$54.5 million, down 14% or \$8.8 million from the Comparative Quarter primarily due to decreases in catering, utilities and other consumable costs, construction and transportation services and custom sales which is in line with the decrease in the related revenue streams.

Gross profit for the Quarter was \$46.7 million, down 14% or \$7.5 million from the Comparative Quarter primarily due to a decrease in the margins on rental revenue and lodging revenue.

Year to Date 2024 vs 2023

Direct costs for the Year were \$141.8 million, down 11% or \$17.5 million from the Prior Year primarily due to decreases in catering, utilities and other consumable costs, custom sales, and construction and transportation services, which is in line with the decrease in the related revenue streams.

Gross profit for the Year was \$128.5 million, down 2% or \$2.4 million from the Prior Year primarily due to a decrease in the margins on rental revenue and lodging revenue, partially offset by an increase in the margin on non-rental revenue.

Administrative Expenses

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Personnel costs	12.8	12.9	(1)%	38.2	35.9	6%
Other administrative expenses	4.1	3.6	14%	10.9	11.4	(4)%
Occupancy and insurance	1.0	1.0	—%	3.3	3.0	10%
ERP implementation and related costs	0.3	—	100%	2.6	—	100%
Total administrative expenses	18.2	17.5	4%	55.0	50.3	9%
<i>% of consolidated revenue</i>	18.0%	14.9%	310 bps	20.3%	17.3%	300 bps

Other administrative expenses include costs related to professional services, office administration and communication, information technology, bad debts, travel and accommodation.

Q3 2024 vs Q3 2023

Total administrative expenses for the Quarter were \$18.2 million, up 4% or \$0.7 million from the Comparative Quarter.

The various components of Black Diamond's total administrative expenses are as follows:

- Personnel costs for the Quarter were \$12.8 million, down 1% or \$0.1 million from the Comparative Quarter due to a decrease in profit incentives in the Quarter partially offset by increased salaries and wages tied to higher headcount and inflationary pressures.
- Other administrative expenses for the Quarter were \$4.1 million, up 14% or \$0.5 million from the Comparative Quarter due to increases in information technology, travel and bad debt expense, partially offset by decreases in professional fees and office expenses. Bad debt expense increased from the Comparative Quarter, which had included a bad debt recovery due to the 2023 Settlement.
- Occupancy and insurance costs for the Quarter were \$1.0 million, consistent with the Comparative Quarter.
- ERP implementation and related costs for the Quarter were \$0.3 million, up 100%, from the Comparative Quarter.

Year to Date 2024 vs 2023

Total administrative expenses for the Year were \$55.0 million, up 9% or \$4.7 million from the Prior Year.

The various components of Black Diamond's total administrative expenses are broken out below:

- Personnel costs for the Year were \$38.2 million, up 6% or \$2.3 million from the Prior Year primarily due to increased salaries and wages tied to higher headcount and inflationary pressures, partially offset by a decrease in profit incentives in the Year.
- Other administrative expenses for the Year were \$10.9 million, down 4% or \$0.5 million from the Prior Year primarily due to decreases in professional fees, travel, training and employee development expenses, partially offset by an increase in information technology costs, and bad debt expense. The Prior Year included bad debt recovery due to the 2023 Settlement.
- Occupancy and insurance costs for the Year were \$3.3 million, up 10% or \$0.3 million from the Prior Year.
- ERP implementation and related costs for the Year were \$2.6 million, up 100% from the Prior Year.

Adjusted EBITDA

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Adjusted EBITDA ⁽⁹⁾	28.8	36.6	(21)%	76.2	80.5	(5)%
Adjusted EBITDA as a % of Revenue ⁽⁹⁾	28.5%	31.1%	(260) bps	28.2%	27.7%	50 bps

Adjusted EBITDA as a % of Revenue⁹ will fluctuate from period to period depending on the proportion of rental revenue compared to ancillary revenue streams such as sales, non-rental and lodge services which generally yield a lower Adjusted EBITDA as a % of Revenue.

Q3 2024 vs Q3 2023

Adjusted EBITDA⁹ for the Quarter was \$28.8 million, down 21% or \$7.8 million from the Comparative Quarter primarily due to decreases in lodge services, non-rental and sales revenue and increased administrative expenses. Adjusted EBITDA excludes \$0.3 million of non-recurring items related to on-going ERP implementation and related costs in the Quarter. Adjusted EBITDA as a % of Revenue⁹ decreased 260 basis points to 28.5% primarily as a result of lower margins on rental and lodging revenue.

Year to Date 2024 vs 2023

Adjusted EBITDA⁹ for the Year was \$76.2 million, down 5% or \$4.3 million from the Prior Year primarily due to decreases in lodging, non-rental and sales revenue and increased administrative expenses. Adjusted EBITDA excludes \$3.2 million of non-recurring items related to acquisition costs and on-going ERP implementation and related costs for the Year. Adjusted EBITDA as a % of Revenue⁹ increased 50 basis points to 28.2% due primarily to changes in the revenue mix.

Depreciation and Amortization

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Depreciation and amortization	12.6	12.6	—%	34.5	33.0	5%

Q3 2024 vs Q3 2023

Depreciation and amortization for the Quarter was \$12.6 million, consistent with the Comparative Quarter.

Year to Date 2024 vs 2023

Depreciation and amortization for the Year was \$34.5 million, up 5% or \$1.5 million from the Prior Year primarily due to organic fleet growth.

⁹ Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA as a % of Revenue is a non-GAAP ratio. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

Finance Costs

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Finance costs	4.3	3.7	16%	11.6	10.4	12%
Long-term debt	243.2	206.1	18%	243.2	206.1	18%
Average interest rate ⁽¹⁾	6.01%	5.71%	30 bps	6.17%	5.55%	62 bps

(1) Average interest rates do not include lease interest.

Q3 2024 vs Q3 2023

Finance costs for the Quarter were \$4.3 million, up 16% or \$0.6 million from the Comparative Quarter primarily due to increased draws from the asset-based revolving credit facility (the "ABL Facility") and higher market interest rates.

Year to Date 2024 vs 2023

Finance costs for the Year were \$11.6 million, up 12% or \$1.2 million from the Prior Year primarily due to increased draws under the ABL Facility and higher market interest rates.

Income Tax

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Current tax expense	—	—	—%	0.2	0.1	100%
Deferred tax expense	2.6	4.8	(46)%	5.0	8.5	(41)%
Total tax expense	2.6	4.8	(46)%	5.2	8.6	(40)%

Q3 2024 vs Q3 2023

For the Quarter, Black Diamond recognized an income tax expense of \$2.6 million, a decrease of \$2.2 million from the Comparative Quarter. The decrease in tax expense in the Quarter is reflective of earnings in the Quarter and the decrease in the blended Canadian statutory rate from 24.01% in 2023 to 23.85% in 2024 due to the apportionment of revenues and salaries across provincial jurisdictions. The tax provision has been calculated at the enacted tax rate of 24% in Canada, 25% in the U.S. and 30% in Australia.

Year to Date 2024 vs 2023

For the Year, Black Diamond recognized income tax expense of \$5.2 million, a decrease of \$3.4 million from the Prior Year. The tax expense in the Year is reflective of earnings in the Year and the decrease in the blended Canadian statutory rate from 24.01% in 2023 to 23.85% in 2024 due to the apportionment of revenues and salaries across provincial jurisdictions. The tax provision has been calculated at the enacted tax rate of 24% in Canada, 25% in the U.S. and 30% in Australia.

Non-Controlling Interest

The non-controlling interests ("NCI") represent earnings attributable to the Fort Nelson First Nation's interest in the Black Diamond Dene Limited Partnership, the West Moberly First Nation's interest in the Black Diamond West Moberly Limited Partnership, the Beaver Lake Cree Nation's interest in the Black Diamond Nehiyawak Limited Partnership and the Whitecap Dakota First Nation's interest in Whitecap Black Diamond Limited Partnership.

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Non-controlling interest	0.4	0.3	33%	1.1	0.9	22%

Q3 2024 vs Q3 2023

The NCI for the Quarter was \$0.4 million an increase of 33% or \$0.1 million which is relatively consistent with the Comparative Quarter.

Year to Date 2024 vs 2023

The NCI for the Year was \$1.1 million, an increase of 22% or \$0.2 million which is relatively consistent with the Prior Year.

Profit

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Profit	7.4	13.6	(46)%	16.3	22.5	(28)%

Q3 2024 vs Q3 2023

Profit for the Quarter was \$7.4 million, a decrease of 46% or \$6.2 million from the Comparative Quarter primarily due to decreases in revenue and higher administrative expenses, partially offset by lower direct costs and income taxes.

Year to Date 2024 vs 2023

Profit for the Year was \$16.3 million, a decrease of 28% or \$6.2 million from the Prior Year, primarily due to decreases in revenue and higher administrative and finance costs, partially offset by lower direct costs and income taxes.

SEGMENTED REVIEW OF FINANCIAL PERFORMANCE

The Company's senior management evaluates segment performance based on a variety of financial measures including revenue, profit, operating expenses and Adjusted EBITDA¹⁰.

The following is a summary of the Company's segmented results for the three and nine months ended September 30, 2024 and 2023, detailing revenues and Adjusted EBITDA by each of the Company's business units.

Segmented Revenue

Revenues presented by segment in the tables below exclude inter-segment revenue.

(\$ millions, except where noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
	\$	\$	%	\$	\$	%
Revenue						
Modular Space Solutions	62.7	61.3	2%	151.2	155.0	(2)%
Workforce Solutions	38.5	56.2	(31)%	119.1	135.1	(12)%
Total revenue	101.2	117.5	(14)%	270.3	290.1	(7)%

Segmented Adjusted EBITDA

Adjusted EBITDA presented by segment in the tables below exclude inter-segment Adjusted EBITDA.

(\$ millions, except where noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
	\$	\$	%	\$	\$	%
Adjusted EBITDA						
Modular Space Solutions	21.0	22.2	(5)%	52.6	55.4	(5)%
Workforce Solutions	13.3	21.8	(39)%	41.6	44.4	(6)%
Corporate and Other	(5.5)	(7.4)	26%	(18.0)	(19.3)	7%
Total Adjusted EBITDA	28.8	36.6	(21)%	76.2	80.5	(5)%

¹⁰ Adjusted EBITDA is a non-GAAP financial measure. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure.

MODULAR SPACE SOLUTIONS

MSS has a network of branches in key geographic areas across North America where we provide modular buildings, either for rent, or as a permanent solution through custom sales or used fleet sales. Products include mobile office units, classroom facilities, large multi-unit office complexes, lavatories, storage units, high security modular buildings, health care facilities, and custom manufactured modular facilities. We provide delivery, installation, and dismantlement of these modules as support to the primary rental or sales of equipment.

MSS provides ancillary products and services that are complementary to our modular buildings and gives the customer a packaged solution that enhances their productivity and allows for immediate use. These value added products and services ("VAPS") include furniture rental, steps/ramps and landings, appliances, maintenance programs, utility services, disaster recovery programs, subleased equipment and more.

Our customers operate in the construction, education, power and energy infrastructure, and government industries. As a result of this diversity in the customer and geographic end markets, MSS generates steady cash flows from its recurring rental revenue.

Financial Highlights

Rental revenue for MSS is directly proportional to the number of rental fleet units, the utilization rate of the fleet and the realized unit rental rates. Rental rates will vary between projects and periods due to the size of the fleet unit types available, asset configuration, quantity, project location and contract duration.

Due to the diversity of our locations and customers we contract with, the recurring rental revenue in MSS is predictable and experiences consistently high margins. Non-rental and sales revenue, on the other hand, can fluctuate. The realized margins on non-rental and sales revenues are lower than margins for rental revenues due to the direct costs associated with non-rental revenue. As a result, changes in the mix between rental, non-rental and sales revenue, and the general variability in non-rental and sales revenue margins, can lead to fluctuations in Adjusted EBITDA as a % of Revenue¹¹ between periods.

Revenue by Stream (\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Rental revenue	24.5	22.0	11%	68.2	63.4	8%
Sales revenue	16.3	21.6	(25)%	36.0	50.5	(29)%
Non-rental revenue	21.9	17.7	24%	47.0	41.1	14%
Total revenue	62.7	61.3	2%	151.2	155.0	(2)%
Adjusted EBITDA ⁽¹¹⁾	21.0	22.2	(5)%	52.6	55.4	(5)%
Adjusted EBITDA as a % of Revenue ⁽¹¹⁾	33.5%	36.2%	(270) bps	34.8%	35.7%	(90) bps
Return on Assets ⁽¹¹⁾	19.8%	24.2%	(440) bps	17.7%	20.2%	(250) bps

VAPS as a % of Rental Revenue is a non-GAAP ratio which is calculated as VAPS revenue divided by rental revenue excluding VAPS revenue. A reconciliation to rental revenue, the most comparable GAAP measure, is provided below. Black Diamond uses this ratio as a measure of operating performance. Management believes this ratio is an important supplemental measure to appraise the growth of ancillary products and services in proportion to the growth of rental revenue.

¹¹ Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA as a % of Revenue and Return on Assets are non-GAAP ratios. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

Value Added Products & Services (\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Rental revenue	24.5	22.0	11%	68.2	63.4	8%
Less:						
VAPS revenue within rental revenue	1.4	1.2	17%	3.9	3.5	11%
Rental revenue excluding VAPS revenue	23.1	20.8	11%	64.3	59.9	7%
VAPS revenue	2.2	1.9	16%	5.9	5.3	11%
VAPS as a % of Rental Revenue	9.5%	9.1%	40 bps	9.2%	8.8%	40 bps

Revenue by Geography (\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Canada	22.4	18.9	19%	59.9	55.8	7%
United States	40.3	42.4	(5)%	91.3	99.2	(8)%
Total revenue	62.7	61.3	2%	151.2	155.0	(2)%

Q3 2024 vs Q3 2023

MSS' total revenue for the Quarter was \$62.7 million, up 2% or \$1.4 million from the Comparative Quarter.

- **Rental revenue** during the Quarter was \$24.5 million, up 11% or \$2.5 million from the Comparative Quarter due to improved average rental rates and an increase in the number of units for rent for the U.S. and Canada. The asset purchase made on June 28, 2024 also contributed to increased rental revenue.
- **Sales revenue** during the Quarter was \$16.3 million, down 25% or \$5.3 million from the Comparative Quarter due to a decrease in custom and used fleet sales. Comparative Quarter sales revenue was positively impacted by \$1.4 million related to the 2023 Settlement. Custom and used fleet sales were lower in the Quarter and can be variable quarter to quarter depending on the number and timing of projects reaching completion in a given period.
- **Non-rental revenue** during the Quarter was \$21.9 million, up 24% or \$4.2 million from the Comparative Quarter, primarily due to higher installation and transportation revenue which includes installing and transporting rental units and custom or used fleet sales.

VAPS revenue within rental revenue during the Quarter was \$1.4 million, up 17% from the Comparative Quarter. VAPS as a % of Rental Revenue had a slight increase as compared to the Comparative Quarter primarily due to an increase in adoption of VAPS offerings.

Adjusted EBITDA¹² for the Quarter was \$21.0 million, down 5% or \$1.2 million from the Comparative Quarter due to the Comparative Quarter Adjusted EBITDA being positively impacted by the 2023 Settlement. This consisted of \$1.4 million recognized in Sales revenue and a \$0.7 million reduction of administrative expenses. Excluding the 2023 Settlement, Adjusted EBITDA¹² was up by 4% or \$0.9 million from the Comparative Quarter with increased rental gross margin offset by lower sales revenue and margin.

Adjusted EBITDA as a % of Revenue¹² decreased 270 basis points to 33.5% as compared to the Comparative Quarter. Excluding the 2023 Settlement, Adjusted EBITDA as a % of Revenue¹² would have increased by 70 basis points compared to the Comparative Quarter. This increase was driven by higher rental revenue and margins.

Return on Assets¹² for the Quarter was 19.8%, a decrease of 440 basis points from the Comparative Quarter due primarily to the 2023 Settlement. This decrease was partially offset by higher rental revenue.

¹² Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA as a % of Revenue and Return on Assets are non-GAAP ratios. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

Year to Date 2024 vs 2023

MSS total revenue for the Year was \$151.2 million, down 2% from the Prior Year.

- **Rental revenue** for the Year was \$68.2 million, up 8% or \$4.8 million from the Prior Year due to improved average rental rates as well as an increase in the size of the fleet. This increase was partially offset by lower utilization.
- **Sales revenue** for the Year was \$36.0 million, down 29% or \$14.5 million from the Prior Year due to a decrease in custom and used fleet sales in all regions.
- **Non-rental revenue** for the Year was \$47.0 million, up \$5.9 million or 14% from the Prior Year primarily due to an increase in installation revenue. Installation revenue includes revenue from installing rental units as well as custom or used fleet sales.

VAPS revenue within rental revenue for the Year was \$3.9 million, up 11% from the Prior Year. VAPS as a % of Rental Revenue¹³ increased 40 basis points as compared to the Prior Year primarily due to an increase in adoption of VAPS offerings.

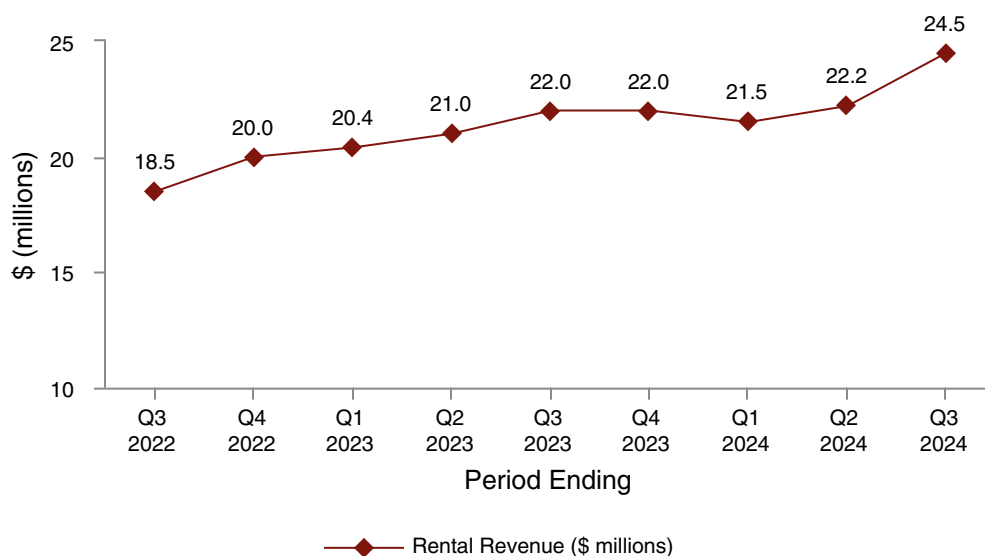
Adjusted EBITDA¹³ for the Year was \$52.6 million, which decreased 5% or \$2.8 million from the Prior Year. This change was driven by the 2023 Settlement. Excluding the 2023 Settlement, Adjusted EBITDA was down slightly due to increased rental gross margin offset by lower sales revenue and margin.

Adjusted EBITDA as a % of Revenue¹³ decreased 90 basis points to 34.8% as compared to the Prior Year. Removing the impact of the 2023 Settlement, Adjusted EBITDA as a % of Revenue would be essentially flat.

Return on Assets¹³ for the Year was 17.7%, a decrease of 250 basis points from the Prior Year due to the 2023 Settlement.

Rental Revenue

Rental revenue for the Quarter hit an all-time record as well as continuing to show positive Quarter over Comparative Quarter growth. This is a continuation of the growth trend from Quarter to Comparative Quarter that we have seen over the last two plus years (14.8% compound annual growth rate from Q3 2022 to Q3 2024).



¹³ Adjusted EBITDA is a non-GAAP financial measure. VAPS as a % of Rental Revenue, Adjusted EBITDA as a % of Revenue, and Return on Assets are non-GAAP ratios. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

Rental Term

Rental durations typically exceed the original rental contract due to rental renewals or customers going month-to-month. The average duration of the MSS lease portfolio was 50.6 months as at September 30, 2024, essentially flat from 50.4 months as at September 30, 2023. When comparing to Q2 2024, rental term has decreased mainly due to an increased number of contracts below the average rental term and 344 assets with relatively shorter term remaining on their contract.

Contracted Future Rental Revenue

Contracted future rental revenue for assets on rent is calculated as total value of rental revenue yet to be recognized in the future related to performance obligations not yet satisfied at the reporting period. Assets on rent is comprised of only assets that are on rent on or before the reporting period.

Contracted future rental revenue for assets on rent as at September 30, 2024 was \$127.6 million, an increase of \$27.9 million or 28% from \$99.7 million as at September 30, 2023. This increase is mainly driven by the deployment of assets with longer duration contracts, especially in the education industry, as well as growth in the average rental rates and addition of assets. Contracted future rental revenue does not include rental contracts with a month-to-month term.

Space Rental Assets and Average Utilization

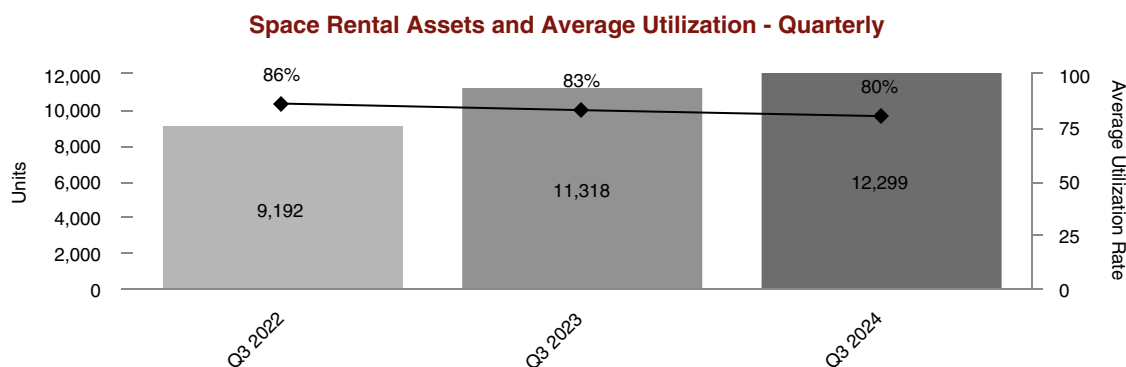
The MSS fleet consisted of 12,299 units as at September 30, 2024, which increased from 11,318 units as at September 30, 2023. This was due to the addition of 1,373 new units of which 329 space rental units were acquired as part of the asset purchase on June 28, 2024, with the remaining through organic growth. The MSS fleet also had dispositions of 392 units. Disposals were primarily driven by fleet management and customer demand for used sales.

MSS Consolidated

MSS assets, utilization, and rates	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Property and equipment net book value (\$ millions) ⁽¹⁾	407.9	345.0	18%	407.9	345.0	18%
Modular space assets	12,299	11,318	9%	12,299	11,318	9%
Average utilization ⁽²⁾	80.3%	83.1%	(280) bps	80.8%	83.7%	(290) bps
Average monthly rental rate per unit	\$847	\$770	10%	\$825	\$755	9%

(1) Net book value of property and equipment is influenced by changes in foreign exchange rates.

(2) Calculated as the net book value of fleet assets on rent, divided by the net book value of total fleet assets.



Q3 2024 vs Q3 2023

Utilization for the Quarter was 80.3%, down 280 basis points when compared to the Comparative Quarter, however, utilization remains at healthy consolidated levels across the platform relative to long term industry trends.

The average monthly rental rate per unit has increased as compared to the Comparative Quarter by 10% due to higher rates across all regions. On a constant currency basis, the average monthly rental rate per unit has also increased as compared to the Comparative Quarter by 9%.

Year to Date 2024 vs 2023

Utilization for the Year was 80.8%, down 290 basis points when compared to the Prior Year, however, utilization remains at healthy consolidated levels across the platform relative to long term industry trends.

The average monthly rental rate per unit has increased as compared to the Prior Year by 9% due to higher rates across all regions. On a constant currency basis, average monthly rental rate per unit also increased by 8% versus the Prior Year.

WORKFORCE SOLUTIONS

WFS provides workforce accommodation solutions including rental of accommodations and surface equipment, provision of full turnkey lodge services and provision of travel management logistics through LodgeLink. WFS operates in Canada, the U.S. and Australia.

The primary service offerings in WFS are asset rental, lodge services and travel management logistics. To support the core rental business, WFS also offers associated services such as installation, transportation, dismantle, sublease of third-party equipment and the sale of used fleet assets.

The assets included in WFS are modular accommodation structures that are assembled into large scale camps in a variety of dormitory configurations with kitchen/diner complexes, recreation facilities and single unit or multi-unit complexes. These assets are often necessary for operations related to power and energy infrastructure, oil and gas, government, disaster relief, social housing, mining, construction, education, and other industries. On occasion these assets are supplied to open lodges which generate revenue based on occupancy. These accommodations typically house workforces in remote locations where local accommodation infrastructure is either insufficient or non-existent.

LodgeLink is a digital marketplace and ecosystem that enables customers to efficiently find, book, and manage their workforce travel and accommodation needs through a rapidly growing network of hotel, remote lodge, and travel partners. The LodgeLink digital platform was created to solve and address the unique challenges associated with workforce travel with a goal to remove inefficiencies at every step of the workforce travel process from booking, to management, to payments. LodgeLink's vision is to be the pre-eminent ecosystem for workforce travel, while applying innovative technology to transform the workforce travel process.

Financial Highlights

The following is a summary of the key metrics used by management to assess performance. Revenue, Adjusted EBITDA¹⁴, Adjusted EBITDA as a % of Revenue¹⁴ and Return on Assets¹⁴ are key financial measures which fluctuate in proportion to utilization, occupancy and rates.

Revenue by Stream (\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Rental revenue	13.4	17.5	(23)%	40.1	45.6	(12)%
Sales revenue	4.3	1.9	126%	16.1	6.3	156%
Non-rental revenue	12.7	20.4	(38)%	38.7	50.4	(23)%
Lodge services revenue	8.1	16.4	(51)%	24.2	32.8	(26)%
Total revenue	38.5	56.2	(31)%	119.1	135.1	(12)%

Revenue by Geography (\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Canada	26.9	39.1	(31)%	83.2	94.6	(12)%
United States	6.1	3.8	61%	15.3	11.6	32%
Australia	5.5	13.3	(59)%	20.6	28.9	(29)%
Total revenue	38.5	56.2	(31)%	119.1	135.1	(12)%

¹⁴ Adjusted EBITDA is a non-GAAP financial measures. Adjusted EBITDA as a % of Revenue is a non-GAAP ratio. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Adjusted EBITDA ⁽¹⁾	13.3	21.8	(39)%	41.6	44.4	(6)%
Adjusted EBITDA as a % of Revenue ⁽¹⁾	34.5%	38.8%	(430) bps	34.9%	32.9%	200 bps
Return on Assets ⁽¹⁾	36.3%	56.9%	(2,060) bps	38.1%	38.9%	(80) bps

(1) Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA as a % of Revenue and Return on Assets are non-GAAP ratios. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

Q3 2024 vs Q3 2023

Adjusted EBITDA¹⁵ decreased to \$13.3 million from \$21.8 million in the Comparative Quarter, a decrease of \$8.5 million or 39% driven by lower lodge services, non-rental and rental revenue streams offset by higher sales revenue. This decrease is explained by the completion of two large pipeline projects as anticipated in the Comparative Quarter. Adjusted EBITDA as a % of Revenue¹⁵ of 34.5% was 430 basis points lower than the Comparative Quarter due to lower margins in lodge services attributed to large natural disaster preparedness contracts in the Comparative Quarter and lower rental revenue streams. This is partially offset by improved sales and non-rental revenue margins.

Year to Date 2024 vs 2023

Adjusted EBITDA decreased to \$41.6 million from \$44.4 million in the Prior Year, a decrease of 6% or \$2.8 million primarily due to lower rental and lodge services revenue streams, and higher administrative expenses. This is offset by higher sales revenue and non-rental revenue margins. Adjusted EBITDA as a % of Revenue of 34.9% was up 200 basis points compared to the Prior Year due to improved sales and non-rental revenue margins, partially offset by lower rental and lodge services revenue margins.

Workforce Solutions Fleet

The following are key metrics used to measure and report on performance of WFS fleet assets. Average asset utilization is calculated by dividing the net book value of fleet assets on rent and assets deployed at open lodges by the total net book value of total fleet assets. Fleet assets used to generate lodge services revenue at open lodges are shown as utilized.

During the fourth quarter of 2023, the presentation of the average asset utilization table was revised to include assets deployed in lodge services. For the Quarter, this addition has resulted in an increase in Canada's asset utilization of 15.9% and an increase of 9.2% in the Comparative Quarter. For the Year, this addition has resulted in an increase in Canada's asset utilization of 14.7% and an increase of 9.1% in the Prior Year. The rationale for this revision is to achieve a more accurate presentation of how WFS fleet assets are deployed.

Average Asset Utilization	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change ⁽²⁾
Canada	54.0%	67.7%	(1,370) bps	52.0%	64.8%	(1,280) bps
Rental Assets ⁽¹⁾	38.2%	58.5%	(2,030) bps	37.4%	55.7%	(1,830) bps
Lodge Services ⁽²⁾	15.9%	9.2%	670 bps	14.7%	9.1%	560 bps
United States	75.9%	77.8%	(190) bps	79.2%	78.0%	120 bps
Australia	72.8%	82.2%	(940) bps	74.0%	83.7%	(970) bps
Consolidated WFS average asset utilization	63.5%	73.0%	(950) bps	63.1%	71.2%	(810) bps

(1) Calculated as the net book value of fleet assets on rent divided by the net book value of total fleet assets for the region.

(2) Calculated as the net book value of fleet assets deployed at open lodges divided by the net book value of total fleet assets for the region. As such, figures for 2023 have been restated to include this calculation.

¹⁵ Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA as a % of Revenue and Return on Assets are non-GAAP ratios. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

Fleet Count (Units)	As at September 30,		
	2024	2023	Change
Canada	4,084	4,659	(12)%
United States	519	513	1%
Australia	1,510	1,405	7%
Total Fleet Count	6,113	6,577	(7)%

Consolidated Room Count by Geography	As at September 30,		
	2024	2023	Change
Canada	7,329	8,181	(10)%
United States	986	935	5%
Australia	781	857	(9)%
Total Room Count	9,096	9,973	(9)%

Net Book Value by Geography (\$ millions)	As at September 30,		
	2024	2023	Change
Canada	78.5	84.5	(7)%
United States	33.0	34.1	(3)%
Australia	35.8	30.2	19%
	147.3	148.8	(1)%

Rental

Q3 2024 vs Q3 2023

Rental revenue during the Quarter was \$13.4 million, down 23% or \$4.1 million from the Comparative Quarter due to lower utilization across all regions, as a result of some significant contracts reaching completion. This is partially offset by new contracts coming on rent and higher average rates in all regions.

Year to Date 2024 vs 2023

Rental revenue for the Year was \$40.1 million, down 12% or \$5.5 million from the Prior Year due to lower utilization in Canada and Australia, partially offset by increased utilization in the U.S. and higher average rates in all regions.

Contracted Future Rental Revenue

Contracted future rental revenue from contracts in place is calculated as the total value of rental revenue yet to be recognized in the future related to performance obligations not yet satisfied as at the reporting period. The commencement date of the contracts in place includes both contracts that commenced before the reporting period or in some instances contracts signed but which will commence in future reporting periods.

At September 30, 2024, contracted future rental revenue from contracts in place was \$36.2 million, an increase of \$7.3 million or 25% from the Comparative Quarter. The vast majority of rental contracts signed by WFS have a contracted term and are typically extended past their respective expiry date, usually on a month to month basis. Contracted future rental revenue from contracts in place do not include rental contracts with a month to month term.

Sales

Q3 2024 vs Q3 2023

Sales revenue during the Quarter was \$4.3 million, up 126% or \$2.4 million from the Comparative Quarter due to higher used fleet sales in Canada and Australia and higher custom fleet sales in the U.S., offset by lower custom fleet sales in Australia.

Year to Date 2024 vs 2023

Sales revenue during the Year was \$16.1 million, up 156% or \$9.8 million from the Prior Year due to higher used and custom fleet sales in all regions.

Non-Rental

Q3 2024 vs Q3 2023

Non-rental revenue during the Quarter was \$12.7 million, down 38% or \$7.7 million from the Comparative Quarter primarily due to a decrease in installation and transportation revenue in Canada and Australia, and sublease activity in Australia. This is partially offset by increased net revenue from Lodgelink, sublease activity in Canada and installation and transportation revenue in the U.S.

Year to Date 2024 vs 2023

Non-rental revenue for the Year was \$38.7 million, down 23% or \$11.7 million from the Prior Year due to a decrease in installation revenue of significant projects in Canada and Australia, transportation activity in all regions and sublease activity in Australia. This is offset by increased net revenue from Lodgelink, and installation activity in the U.S and sublease activity in Canada.

Lodge Services

Q3 2024 vs Q3 2023

Lodge services revenue during the Quarter was \$8.1 million, down 51% or \$8.3 million from the Comparative Quarter due to reduced occupancy as a result of some significant projects reaching completion and natural disaster preparedness contracts recognized in the Comparative Quarter.

Year to Date 2024 vs 2023

Lodge services revenue for the Year was \$24.2 million, down 26% or \$8.6 million from the Prior Year due to reduced occupancy as a result of some significant projects reaching completion and a higher volume of natural disaster preparedness contracts recognized in the Prior Year.

LodgeLink

LodgeLink net revenue is generated from bookings from the margin per room booked and rebates earned on the payment transaction with accommodation and travel suppliers. When the room is booked in a third-party hotel or lodge the revenue is categorized as non-rental revenue and revenue from bookings at Black Diamond owned lodges is categorized as lodge services revenue.

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Gross Bookings (\$ millions) ⁽¹⁾	27.2	20.8	31%	73.1	58.8	24%
Net revenue (\$ millions)	3.4	2.7	26%	8.9	7.2	24%
Net Revenue Margin ⁽¹⁾	12.5%	12.7%	(20) bps	12.2%	12.2%	— bps
Total room nights sold	147,560	109,898	34%	392,360	317,602	24%

(1) Gross Bookings is a non-GAAP financial measure. Net Revenue Margin is a non-GAAP ratio. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure and ratio.

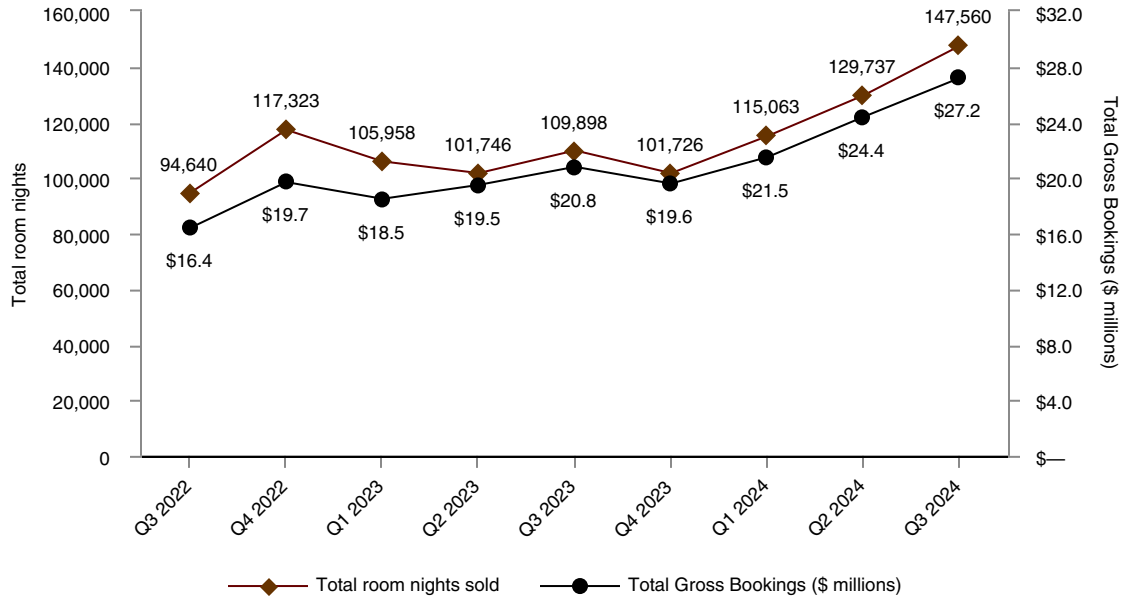
Q3 2024 vs Q3 2023

Total room nights sold in the Quarter hit a record high of 147,560, an increase of 34% from the Comparative Quarter which also resulted in an all time high net revenue during the Quarter of \$3.4 million, up 26%, or \$0.7 million from the Comparative Quarter. Net Revenue Margin of 12.5% for the Quarter was relatively flat compared to the Comparative Quarter.

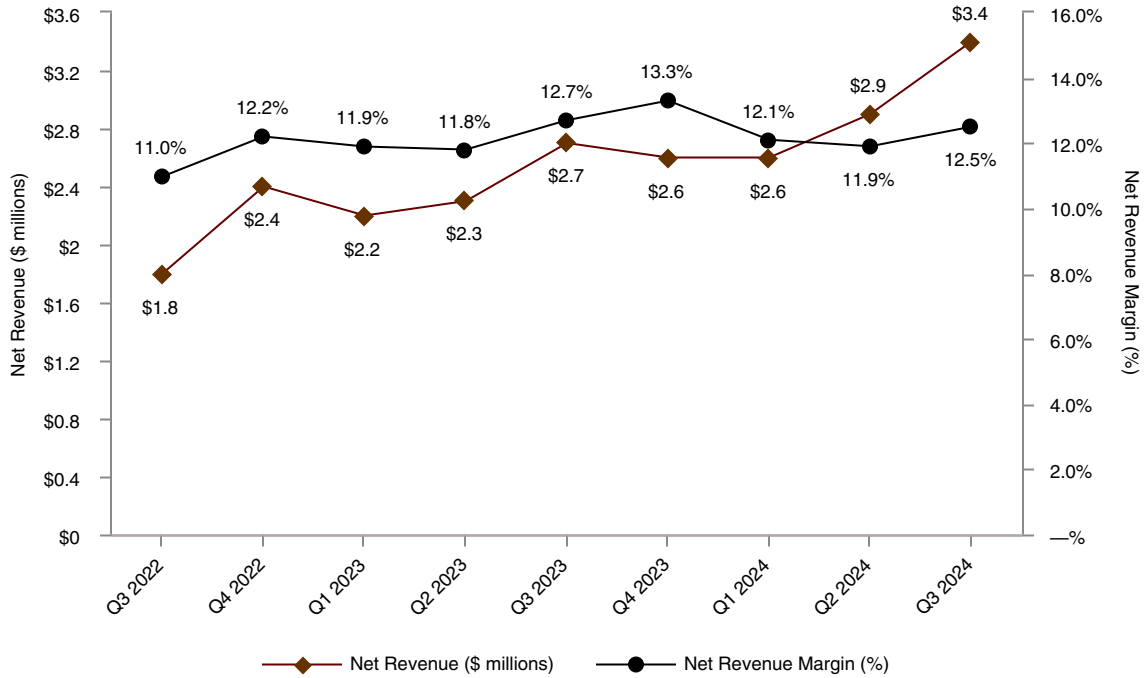
Year to Date 2024 vs 2023

Net revenue for the Year was \$8.9 million, up 24%, or \$1.7 million from the Prior Year resulting from Total room nights sold of 392,360 and Gross Bookings of \$73.1 million, both up 24% from the Prior Year mainly due to increased room nights sold in Canada. The increase over the Prior Year demonstrates continued growth and record activity.

Booking Volumes

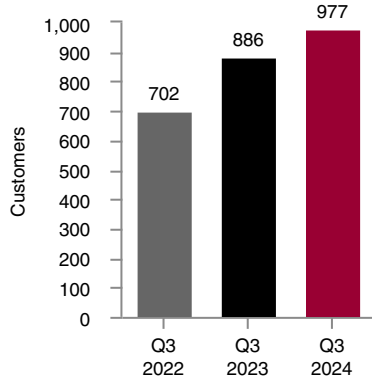


Net Revenue and Net Revenue Margin

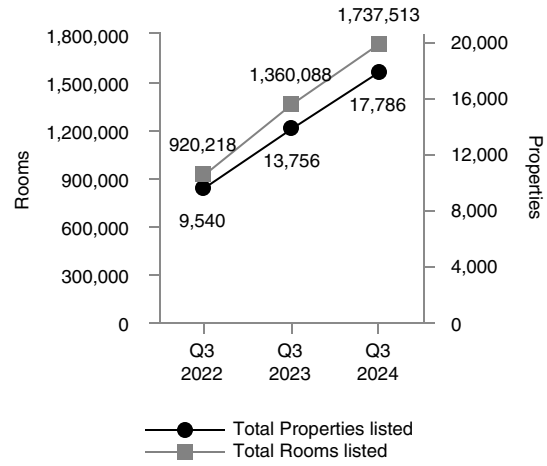


¹⁶ Net Revenue Margin is a non-GAAP ratio. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP ratio.

**As at September 30,
Cumulative
Corporate
Customers**



**As at September 30,
Listed Capacity**



Cumulative corporate customers is a count of individual corporate customers that have booked with LodgeLink from the inception of the booking platform.

CORPORATE AND OTHER

The Corporate and Other business unit includes costs related to administrative activities that support all business units. The administrative support functions include activities of the executive office, finance, human resources, health and safety, legal, annual profit incentives for the Company, insurance, software licensing and information technology. Included in the Corporate and Other business unit are non-material revenues that are not significant enough to report on their own.

Financial Highlights

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Property and equipment net book value	15.9	16.3	(2)%	15.9	16.3	(2)%
Adjusted EBITDA ⁽¹⁷⁾	(5.5)	(7.4)	26%	(18.0)	(19.3)	7%

Q3 2024 vs Q3 2023

Property and equipment net book value was \$15.9 million, a decrease of 2% or \$0.4 million, and remains comparable to the \$16.3 million in the Comparative Quarter.

Adjusted EBITDA¹⁷ for the Quarter was negative \$5.5 million, an increase of 26% or \$1.9 million compared to negative \$7.4 million in the Comparative Quarter, primarily due to lower personnel expenses with a decrease in profit incentives, and lower administrative expenses such as professional fees in the Quarter.

Year to Date 2024 vs 2023

Property and equipment net book value was \$15.9 million, a decrease of 2% or \$0.4 million, and remains comparable to the \$16.3 million in the Prior Year.

Adjusted EBITDA for the Year was negative \$18.0 million, an increase of 7% or \$1.3 million compared to negative \$19.3 million in the Prior Year due to lower personnel expenses with a decrease in profit incentives, and lower administrative expenses such as professional fees in the Year.

¹⁷ Adjusted EBITDA is a non-GAAP financial measure. Refer to the Non-GAAP Financial Measures section of this MD&A for more information on each non-GAAP financial measure.

LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements

Capital Expenditures

Black Diamond's capital expenditures relate primarily to:

- MSS - space rental structures and ancillary equipment;
- WFS - workforce accommodation structures, ancillary equipment, surface rental equipment, space rental structures in Australia, and LodgeLink development costs; and
- Corporate and Other - land, leasehold improvements, computers, furniture and service related equipment.

For the Quarter, Black Diamond expended \$23.8 million (Comparative Quarter – \$20.1 million) on additions to property and equipment and intangible assets. The expenditures on additions are set out in the table below.

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change %	2024	2023	Change %
Modular Space Solutions	18.1	13.3	36%	78.2	33.3	135%
Workforce Solutions	5.4	4.4	23%	15.6	18.9	(17)%
Corporate and Other	0.3	2.4	(88)%	0.7	3.0	(77)%
	23.8	20.1	18%	94.5	55.2	71%

Sources and Uses of Cash

Cash flows from operating, investing and financing activities, as reflected in the unaudited consolidated statement of cash flows, are summarized in the following table:

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change %	2024	2023	Change %
Cash from operating activities	31.4	33.5	(6)%	81.2	97.9	(17)%
Cash used in investing activities	(26.3)	(21.6)	22%	(97.6)	(58.2)	68%
Cash (used in) from financing activities	(4.1)	(22.4)	(82)%	24.9	(42.8)	158%
Total cash increase (decrease)	1.0	(10.5)	110%	8.5	(3.1)	374%

Liquidity needs can be met through a variety of sources, depending on specific circumstances, including: available cash, cash generated from operations, drawdowns under the ABL Facility and the issuance of new equity or debt. Black Diamond's primary use of funds are operational expenses, sustaining and opportunity capital spending, interest, taxes, dividends and principal debt repayments.

Cash from operating activities was \$2.1 million lower than the Comparative Quarter primarily due to the reduced level of operating activities during in the Quarter.

Cash used in investing activities was \$4.7 million higher than the Comparative Quarter due to increased capital expenditures in the Quarter.

Cash used in financing activities was \$18.3 million lower than in the Comparative Quarter primarily due to an increase in net advances on long-term debt.

Working Capital

The following table presents summarized working capital information:

(\$ millions, except as noted)	September 30, 2024	December 31, 2023	Change \$	Change %
Current assets	115.0	85.0	30.0	35%
Current liabilities	98.1	77.5	20.6	27%
Working capital ⁽¹⁾	16.9	7.5	9.4	125%

(1) Working capital, a supplementary financial measure, is calculated as current assets minus current liabilities.

The increase in current assets of \$30.0 million from December 31, 2023, was due to an increase in accounts receivable of \$11.8 million, an increase in cash of \$8.6 million, and an increase in other assets of \$9.6 million.

The increase in current liabilities of \$20.6 million from December 31, 2023, was primarily due to a \$16.0 million increase in deferred revenue, a \$4.0 million increase in accounts payable, and a \$0.6 million increase to lease liabilities.

Contractual Obligations and Other Commitments

At September 30, 2024, Black Diamond had capital expenditure commitments in the amount of \$17.6 million. Additionally, Black Diamond has a commitment of \$32.1 million related to the Company's office and yard leases, which have varying terms over the next ten years. It is management's intention to meet the funding requirements for these commitments through internally generated cash flow.

Principal Debt Instruments

Effective December 23, 2022, the Company amended the ABL Facility to increase the size from a maximum of \$300 million to a maximum of \$325 million. The maturity date of the ABL Facility of October 31, 2026, remained the same and all other material terms remained the same.

The borrowing base, or available amount at any given time under the ABL Facility, is based on 85 - 90% of the net orderly liquidation value of eligible rental fleet and qualified receivables, up to \$325 million.

In addition, the Company has bank term loans that have fixed interest rates ranging from 3.05% - 3.79%, mature between June 2025 and December 2026, and are secured by specific equipment.

For the three months ended September 30, 2024, the average interest rate on outstanding debt was 6.01% (2023 - 5.71%). For the nine months ended September 30, 2024, the average interest rate on outstanding debt was 6.17% (2023 - 5.55%).

The Company uses debt to finance its business activities. Management believes that Black Diamond has the liquidity, barring any unforeseen circumstances, to continue to operate through the foreseeable future, and pursue its planned business objectives.

Management believes that the ongoing management of cash generated from operations will be sufficient to allow it to meet ongoing requirements for working capital, repayment of the ABL Facility, maintenance costs, administrative expenses, and interest costs. Black Diamond's cash generated from operations will

be dependent upon future financial performance, which in turn will be subject to financial, business and other risk factors, including factors beyond Black Diamond's control. Management also believes that, dependent on capital market conditions, Black Diamond has room under its existing credit facilities and believes it has the ability to raise equity if required.

The Company is committed to maintaining a strong balance sheet and flexible capital structure.

The Company previously entered into interest rate swap agreements, which are recognized as risk management assets, with the ABL Facility lending syndicate for an aggregate of \$80.0 million, with termination dates between October 29, 2026 and October 29, 2029. During the Quarter, a \$30.0 million swap was entered into effective September 27, 2024 with a termination date of August 29, 2029. As of September 30, 2024, the total risk management asset was \$nil (December 31, 2023 - \$1.4 million).

Debt Covenants

In accordance with the terms of the ABL Facility, the Company is required to maintain a fixed charge coverage ratio ("FCCR") of 1.1 to 1; however, this covenant is only tested in certain instances, principally when draws under the ABL Facility exceed 90% of the borrowing base. As at September 30, 2024, the Company's draws under the ABL Facility amounted to 60% of the borrowing base of \$405.2 million, therefore the FCCR covenant was not applicable.

As at September 30, 2024, Black Diamond was in compliance with all debt covenants.

Share Capital

At September 30, 2024, Black Diamond had 61.1 million (December 31, 2023 - 60.2 million) common shares outstanding, net of 1.0 million (December 31, 2023 - 0.9 million) held in trust to settle equity based compensation plans. In addition, at September 30, 2024, Black Diamond had 3.3 million (December 31, 2023 - 3.8 million) common shares reserved for issuance pursuant to the exercise of options and restricted share units which have been granted pursuant to Black Diamond's share option plan and restricted and performance incentive award plan.

The following table summarizes Black Diamond's equity capitalization as at October 31, 2024 (in thousands):

Common shares (net of shares held in trust)	61,108
Common shares (held in trust)	988
Stock options	2,898
Restricted and performance share units	410

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are likely to have, a material current or future effect on the Company's financial condition, revenues or expenses, results of operations, liquidity or capital expenses.

Contractual Obligations

The following table summarizes Black Diamond's total contractual obligations as at September 30, 2024:

(\$ millions, except as noted)	Payments due by period			
	Total	Less than 1 year	1 - 5 years	After 5 years
Long-term debt	243.5	0.3	243.2	—
Lease obligations, undiscounted	29.2	9.7	18.9	0.6
Commitments	2.9	1.4	1.5	—
Holdback payable	1.3	0.8	0.5	—
Capital commitments	17.6	17.6	—	—
Total contractual obligations	294.5	29.8	264.1	0.6

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at September 30, 2024 relate to standard working capital accounts, credit facility items and risk management contracts.

Black Diamond is subject to both cash flow and interest rate risk on its long-term debt facilities. The required cash flow to service the Company's long-term debt facilities will fluctuate as a result of changes in market rates.

NON-GAAP FINANCIAL MEASURES

Black Diamond's unaudited interim condensed consolidated financial statements have been prepared in accordance with IFRS. Non-GAAP financial measures are used to assist investors in understanding Black Diamond's operating results that may not be evident when relying solely on the GAAP financial measures. Black Diamond believes securities analysts, investors and other interested parties frequently use non-GAAP financial measures in the evaluation of the Company's results. Black Diamond uses non-GAAP financial measures to evaluate operating results from period to period, as internal reporting key performance indicators, and to determine elements of management compensation. Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers for these non-GAAP measures. These non-GAAP financial measures include Adjusted EBITDA, Adjusted EBIT, Adjusted EBITDA as a % of Revenue, Net Debt, Net Debt to TTM Adjusted Leverage EBITDA, Funds from Operations, Free Cashflow, Gross Profit Margin, Return on Assets, Gross Bookings and Net Revenue Margin.

Adjusted EBITDA is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS. Adjusted EBITDA refers to consolidated earnings before finance costs, tax expense, depreciation, amortization, accretion, foreign exchange, share-based compensation, acquisition costs, non-controlling interests, share of gains or losses of an associate, write-down of property and equipment, impairment, non-recurring costs, and gains or losses on the sale of non-fleet assets in the normal course of business.

Black Diamond uses Adjusted EBITDA primarily as a measure of operating performance. Management believes that operating performance, as determined by Adjusted EBITDA, is meaningful because it presents the performance of the Company's operations on a basis which excludes the impact of certain non-cash items as well as how the operations have been financed. In addition, management presents Adjusted EBITDA because it considers it to be an important supplemental measure of the Company's performance and believes this measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures.

Adjusted EBITDA has limitations as an analytical tool, and readers should not consider this item in isolation, or as a substitute for an analysis of the Company's results as reported under IFRS. Some of the limitations of Adjusted EBITDA are:

- Adjusted EBITDA excludes certain income tax payments and recoveries that may represent a reduction or increase in cash available to the Company;
- Adjusted EBITDA does not reflect the Company's cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, the Company's working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest payments on the Company's debt;
- depreciation and amortization are non-cash charges, thus the assets being depreciated and amortized will often have to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
- other companies in the industry may calculate Adjusted EBITDA differently than the Company does, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of the Company's business. The Company compensates for these limitations by relying primarily on the Company's IFRS results and using Adjusted EBITDA only on a supplementary basis. A reconciliation to profit, the most comparable GAAP measure, is provided below.

Adjusted EBIT is Adjusted EBITDA less depreciation and amortization. Black Diamond uses Adjusted EBIT primarily as a measure of operating performance. Management believes that Adjusted EBIT is a useful measure for investors when analyzing ongoing operating trends. There can be no assurances that additional special items will not occur in future periods, nor that the Company's definition of Adjusted EBIT is consistent with that of other companies. As such, management believes that it is appropriate to consider both profit determined on a GAAP basis as well as Adjusted EBIT. A reconciliation to profit, the most comparable GAAP measure, is provided below.

Adjusted EBITDA as a % of Revenue is calculated by dividing Adjusted EBITDA by total revenue for the period. Black Diamond uses Adjusted EBITDA as a % of Revenue primarily as a measure of operating performance. Management believes this ratio is an important supplemental measure of the Company's performance and believes this measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures.

Return on Assets is calculated as annualized Adjusted EBITDA divided by average net book value of property and equipment. Annualized Adjusted EBITDA is calculated by multiplying Adjusted EBITDA for the Quarter and Comparative Quarter by an annualized multiplier. Management believes that Return on Assets is a useful financial measure for investors in evaluating operating performance for the periods presented. When read in conjunction with our profit and property and equipment, two GAAP measures, this non-GAAP ratio provides investors with a useful tool to evaluate Black Diamond's ongoing operations and management of assets from period-to-period.

Reconciliation of Consolidated Profit to Adjusted EBITDA, Adjusted EBIT, Adjusted EBITDA as a % of Revenue and Return on Assets:

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change %	2024	2023	Change %
Profit	7.4	13.6	(46)%	16.3	22.5	(28)%
Add:						
Depreciation and amortization	12.6	12.6	—%	34.5	33.0	5%
Finance costs	4.3	3.7	16%	11.6	10.4	12%
Share-based compensation	1.2	1.6	(25)%	4.3	5.1	(16)%
Non-controlling interest	0.4	0.3	33%	1.1	0.9	22%
Current income taxes	—	—	—%	0.2	0.1	100%
Deferred income taxes	2.6	4.8	(46)%	5.0	8.5	(41)%
Non-recurring costs:						
ERP implementation and related costs ⁽¹⁾	0.3	—	100%	2.6	—	100%
Acquisition costs	—	—	—%	0.6	—	100%
Adjusted EBITDA	28.8	36.6	(21)%	76.2	80.5	(5)%
Less:						
Depreciation and amortization	12.6	12.6	—%	34.5	33.0	5%
Adjusted EBIT	16.2	24.0	(33)%	41.7	47.5	(12)%
Total revenue	101.2	117.5	(14)%	270.3	290.1	(7)%
Adjusted EBITDA as a % of Revenue	28.5%	31.1%	(260) bps	28.2%	27.7%	50 bps
Annualized multiplier	4	4		1.3	1.3	
Annualized adjusted EBITDA	115.2	146.4	(21)%	99.1	104.7	(5)%
Average net book value of property and equipment	597.8	535.9	12%	566.3	531.6	7%
Return on Assets	19.3%	27.3%	(800) bps	17.5%	20.2%	(270) bps

(1) This relates to the corporate structure reorganization costs that have been incurred in preparation of a new ERP system in which the first phase of the implementation went live on May 1, 2024 and costs are included in administrative expenses.

Reconciliation of Consolidated Profit to Adjusted EBITDA, Net Debt and Net Debt to TTM Adjusted Leverage EBITDA:

Net Debt to TTM Adjusted Leverage EBITDA is a non-GAAP ratio which is calculated as Net Debt divided by trailing twelve months Adjusted Leverage EBITDA. **Net Debt**, a non-GAAP financial measure, is calculated as long-term debt minus cash and cash equivalents. A reconciliation to long-term debt, the most comparable GAAP measure, is provided below. Net Debt and Net Debt to TTM Adjusted Leverage EBITDA removes cash and cash equivalents from the Company's debt balance. Black Diamond uses this ratio primarily as a measure of operating performance. Management believes this ratio is an important supplemental measure of the Company's performance and believes this measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures. In the quarter ended June 30, 2022, Net Debt to TTM Adjusted Leverage EBITDA was renamed Net Debt to TTM Adjusted Leverage EBITDA, to provide further clarity on the composition of the denominator to include pre-acquisition estimates of EBITDA from business combinations. Management believes including the additional information in this calculation helps provide information on the impact of trailing operations from business combinations on the Company's leverage position.

(\$ millions, except as noted)	2024	2024	2024	2023	2023	2023	2023	2022	Change
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
Profit	7.4	7.5	1.5	7.8	13.6	4.6	4.4	9.4	
Add:									
Depreciation and amortization	12.6	11.1	10.7	11.2	12.6	10.6	9.8	8.6	
Finance costs	4.3	3.4	3.8	3.7	3.7	3.7	2.9	3.6	
Share-based compensation	1.2	1.6	1.5	1.1	1.6	1.3	2.2	1.3	
Non-controlling interest	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.4	
Current income taxes	—	—	0.2	0.1	—	0.1	—	0.1	
Deferred income taxes	2.6	2.1	0.3	0.4	4.8	1.9	1.8	3.7	
Impairment reversal	—	—	—	—	—	—	—	(6.3)	
Non-recurring costs									
ERP implementation and related costs ⁽¹⁾	0.3	1.8	0.5	1.5	—	—	—	—	
Acquisition costs	—	—	0.6	—	—	—	—	1.2	
Adjusted EBITDA	28.8	27.9	19.4	26.1	36.6	22.5	21.4	22.0	
Acquisition pro-forma adjustments ⁽²⁾	—	—	—	—	—	—	—	0.5	
Adjusted Leverage EBITDA	28.8	27.9	19.4	26.1	36.6	22.5	21.4	22.5	
TTM Adjusted Leverage EBITDA	102.2				103.0				(1)%
Long-term debt	243.2				206.1				18%
Cash and cash equivalents	15.1				5.6				170%
Current portion of long term debt ⁽³⁾	0.3				0.3				—%
Net Debt	228.4				200.8				14%
Net Debt to TTM Adjusted Leverage EBITDA	2.2				1.9				16%

(1) This relates to the corporate structure reorganization costs that have been incurred in preparation of a new ERP system in which the first phase of the implementation went live on May 1, 2024.

(2) Includes pro-forma pre-acquisition EBITDA estimates as if the acquisition that occurred in the fourth quarter 2022, occurred on January 1, 2022.

(3) Current portion of long-term debt relating to the payments due within one year on the bank term loans assumed as part of the acquisition in the fourth quarter of 2022.

Funds from Operations is calculated as the cash flow from operating activities, the most comparable GAAP measure, excluding the changes in non-cash working capital. Management believes that Funds from Operations is a useful measure as it provides an indication of the funds generated by the operations before working capital adjustments. Changes in long-term accounts receivables and non-cash working capital items have been excluded as such changes are financed using the operating line of Black Diamond's credit facilities. A reconciliation to cash flow from operating activities, the most comparable GAAP measure, is provided below.

Free Cashflow is calculated as Funds from Operations minus maintenance capital, net interest paid (including lease interest), payment of lease liabilities, net current income tax expense (recovery), distributions declared to non-controlling interest, dividends paid on common shares and dividends paid on preferred shares plus net current income taxes received (paid). Management believes that Free Cashflow is a useful measure as it provides an indication of the funds generated by the operations before working capital adjustments and other items noted above. Management believes this metric is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures. A reconciliation to cash flow from operating activities, the most comparable GAAP measure, is provided below.

Reconciliation of Cash Flow from Operating Activities to Funds from Operations and Free Cashflow:

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Cash Flow from Operating Activities	31.4	33.5	(6)%	81.2	97.9	(17)%
Add/(Deduct):						
Change in other long term assets	1.1	0.5	120%	(0.5)	0.1	(600)%
Changes in non-cash operating working capital	(1.3)	5.2	(125)%	(0.2)	(11.3)	98%
Funds from Operations	31.2	39.2	(20)%	80.5	86.7	(7)%
Add/(deduct):						
Maintenance capital	(3.2)	(1.8)	(78)%	(9.3)	(6.1)	(52)%
Payment for lease liabilities	(2.4)	(2.0)	(20)%	(6.6)	(5.7)	(16)%
Interest paid (including lease interest)	(4.2)	(3.6)	(17)%	(11.5)	(10.0)	(15)%
Net current income tax expense	—	—	—%	0.2	0.1	100%
Dividends paid on common shares	(1.8)	(1.2)	(50)%	(5.5)	(3.6)	(53)%
Distributions paid to non-controlling interest	—	—	—%	(0.6)	(0.6)	—%
Free Cashflow	19.6	30.6	(36)%	47.2	60.8	(22)%

Gross Profit Margin is a non-GAAP financial measure which is calculated by dividing gross profit, a GAAP measure calculated as total revenue less direct costs, by total revenue for the period. Management believes this ratio is an important supplemental measure of the Company's performance and believes this ratio is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures.

Reconciliation of Gross Profit to Gross Profit Margin:

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Total revenue	101.2	117.5	(14)%	270.3	290.1	(7)%
Direct costs	54.5	63.3	(14)%	141.8	159.3	(11)%
Gross profit	46.7	54.2	(14)%	128.5	130.9	(2)%
Gross Profit Margin	46.1%	46.1%	— bps	47.5%	45.1%	240 bps

Gross Bookings, a non-GAAP measure, is total revenue billed to the customer which includes all fees and charges. Net revenue, a GAAP measure, is Gross Bookings less costs paid to suppliers. Revenue from bookings at third party lodges and hotels through LodgeLink are recognized on a net revenue basis. LodgeLink is an agent in the transaction as it is not responsible for providing the service to the customer and does not control the service provided by a supplier. Management believes this ratio is an important supplemental measure of LodgeLink's performance and cash generation and believes this ratio is frequently used by interested parties in the evaluation of companies in industries with similar forms of revenue generation.

Net Revenue Margin is calculated by dividing net revenue by Gross Bookings for the period. Management believes this ratio is an important supplemental measure of LodgeLink's performance and profitability and believes this ratio is frequently used by interested parties in the evaluation of companies in industries with similar forms revenue generation where companies act as agents in transactions.

Reconciliation of Net Revenue to Gross Bookings and Net Revenue Margin:

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
Net revenue ⁽¹⁾	3.4	2.7	26%	8.9	7.2	24%
Costs paid to suppliers ⁽¹⁾	23.8	18.1	31%	64.2	51.6	24%
Gross Bookings ⁽¹⁾	27.2	20.8	31%	73.1	58.8	24%
Net Revenue Margin	12.5%	12.7%	(20) bps	12.2%	12.2%	— bps

(1) Includes intercompany transactions.

Readers are cautioned that the non-GAAP measures are not alternatives to measures under IFRS and should not, on their own, be construed as an indicator of Black Diamond's performance or cash flows, a measure of liquidity or as a measure of actual return on the shares of Black Diamond. These non-GAAP measures should only be used in conjunction with the consolidated financial statements of Black Diamond.

RELATED PARTY TRANSACTIONS

The amounts due to limited partners include distributions and royalties payable to the non-controlling interests. They are non-interest bearing and due on demand. The amounts due to other related parties are unsecured and are payable in cash.

The following table provides the total amount of transactions that have been entered into with related parties during the three and nine months ended September 30, 2024 and 2023, as well as balances with related parties as at September 30, 2024 and December 31, 2023.

	Three months ended September 30,		Nine months ended September 30,		Due to related parties as at	
	2024	2023	2024	2023	September 30, 2024	December 31, 2023
(\$ millions, except as noted)	\$	\$	\$	\$	\$	\$
Non-controlling interests						
Limited partners						
Royalties and distributions declared	0.7	0.8	1.6	2.0	(1.3)	(0.4)
Other related parties						
Purchases of goods and services	0.1	0.2	0.5	0.4	—	—

Services purchased from the entity controlled by a member of the board of directors are recorded at exchange value which management believes approximates fair value, include sublease and servicing of generators and fuel tanks.

RISKS AND UNCERTAINTIES

The operations of Black Diamond face a number of risks and uncertainties in the normal course of business that may be beyond its control, but which could have a material adverse effect on Black Diamond's financial condition, results of operations and cash flows. Many of these risk factors and uncertainties are outlined in the annual information form of Black Diamond for the year ended December 31, 2023 which is available on SEDAR+ at www.sedarplus.ca. Additional risks and uncertainties that management may be unaware of may become important factors which affect Black Diamond.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Black Diamond's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have, as at September 30, 2024, designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to Black Diamond is made known to Black Diamond's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by Black Diamond in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

Black Diamond's CEO and CFO have designed or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") for the Company to provide reasonable assurance regarding the reliability of Black Diamond's financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Black Diamond's management, under the supervision of the CEO and CFO, used the criteria and framework established in the 2013 Internal Controls - Integrated

Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission to design Black Diamond's ICFR.

Black Diamond is required to disclose herein any change in Black Diamond's ICFR that occurred during the period beginning on January 1, 2024 and ended on September 30, 2024 that has materially affected, or is reasonably likely to materially affect, Black Diamond's ICFR. No material changes in Black Diamond's ICFR were identified during such period that have materially affected, or are reasonably likely to materially affect Black Diamond's ICFR.

It should be noted that a control system, including Black Diamond's disclosure and internal controls and procedures, no matter how well conceived or operated, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Additional information relating to Black Diamond, including Black Diamond's annual information form for the year ended December 31, 2023 is available on SEDAR+ at www.sedarplus.ca.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS & ESTIMATES

The preparation of the Company's unaudited interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have a significant effect on the amounts recognized in the consolidated financial statements:

Impairment of non-financial assets

Goodwill is assessed annually for impairment. Property and equipment and intangible assets are reviewed for indicators of impairment and impairment reversal whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or if impairment loss recognized previously may no longer exist. An impairment review requires estimates in a variety of areas including the determination of fair value, selling costs, timing and size of forecasted cash flows, long-term growth rates, anticipated gross margin, discount rates, and other valuation variables; the application of these variables in valuation models requires judgment. Judgment is required when determining the use of the exemption that allows the recoverable amount calculated from the preceding year to be used in the current year based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation would not impact the margin from the preceding period.

Determination of a Cash Generating Unit ("CGU")

Management's judgment is required in determining the Company's CGUs for the impairment assessment of its property and equipment, goodwill and definite life intangible assets. The CGUs have been determined considering level of operating activities and independent cash flows generated from groups of assets. Management determined the smallest identifiable group of assets that independently generates cash inflows and whose cash flow is largely independent of the cash inflows from other assets or groups of assets as follows: Modular Space Solutions Canada East, Modular Space Solutions Canada West, Modular Space Solutions US, Workforce Solutions - Canada, Workforce Solutions - United States, Australia - Workforce Accommodations, Australia - Space Rentals and LodgeLink.

Operating lease commitments – Company as lessor

The Company has entered into rental contracts for its fleet. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the fleet, that it retains all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including discounted cash flow models and trading multiples. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Determination of control and significant influence

Management has used judgment in assessing whether the Company exerts control and significant influence over its subsidiaries and investments, respectively. In general, significant influence is presumed to exist when the Company has between 20% and 50% of voting power. Significant influence may also be evidenced by other qualitative factors, including but not limited to the Company's representation on the board of directors.

Income Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. As a multinational group of legal entities and businesses, the Company has undertaken various cross border transactions. These transactions are subject to the review and audit of various tax authorities. The judgment used when developing and entering into these transactions is based on existing tax policies in each jurisdiction. Future changes in tax policies may necessitate associated adjustments to tax recoveries and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Company's legal entities. The Company applies judgement on/with respect to/in determining the realization of future benefits from deferred tax assets using available evidence about future events, together with future tax planning strategies.

Aggregation of interest in subsidiaries

Management has used judgment in determining whether it is appropriate to aggregate the disclosures required by IFRS 12, *Disclosure of Interests in Other Entities* for Black Diamond's interests in subsidiaries. In reaching a determination, management considered such factors as its interests in the subsidiaries' nature of business, their industry classification and their geographical location.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Revenue recognition

Revenue from certain types of contracts is recognized over time, using an input method to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by the Company. In determining the progress towards complete satisfaction, estimates and assumptions are made in relation to costs incurred and the costs to complete the contracts. When the outcome of the transaction cannot be estimated reliably, estimates and assumptions are made on whether the Company will recover the transaction costs incurred.

Impairment and impairment reversal of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCD") and its value-in-use. An impairment reversal exists when an impairment loss recognized in prior periods may no longer exist or may have decreased and the recoverable amount exceeds carrying value, after adjusting for depreciation that would have otherwise been taken had the original impairment not occurred. The FVLCD calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on estimated future cash flows. The FVLCD calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the Company's forecast for the next year and does not include significant future investments that could enhance the performance of the CGU being tested. Estimates for revenue growth and EBITDA margins were based on a review of historical information for each CGU, consideration of achievable rates and utilization during the forecast period, and consideration of future prospects given management's understanding of the operating environment. The discount rates used for each CGU were estimated based on the assumed weighted average cost of capital for a notional purchaser of each CGU. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, margins, and the growth rate used for extrapolation purposes.

The Company is required to make judgments regarding the need for impairment at each reporting date by evaluating conditions specific to the organization that may lead to the impairment of assets.

Asset retirement obligations

The Company has recognized a provision for asset retirement obligations associated with land leases held by the Company. In determining the amount of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the camps from the leases and the expected timing of those costs.

Business combination

Accounting for business combinations requires estimates of fair value for the consideration transferred, assets acquired and liabilities assumed. The Company uses all available information, including third party valuations and appraisals where applicable, to determine these fair values. Changes in estimates of fair value due to additional information related to facts and circumstances that existed at the acquisition date could impact the amount of goodwill recognized. The Company has up to one year from the acquisition date to finalize its determination of fair values for a business combination if needed.

Additional estimates

Other estimates that management is required to make to conform with IFRS and prepare timely consolidated financial statements include accrual of unsettled transactions, collectability of accounts receivable, recognition of provisions and contingent obligations, the estimated useful lives of property and equipment, useful lives of intangible assets, and the estimated fair value of share based awards at grant date. Accordingly, actual results may differ from estimated amounts. Management has also used judgment in the estimates used in pricing its options and long-term share-based compensation plans, assessing the effectiveness of hedging relationships and the determination of functional currency.

If the underlying estimates and assumptions upon which the consolidated financial statements are based change in future periods, actual amounts may differ from those included in the accompanying consolidated financial statements.

Changes in Accounting Policy and Disclosure

Amendments to IAS 1 Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*, to clarify its requirements for the presentation of liabilities as current or non-current in the Statement of Financial Position. This amendment was effective on January 1, 2024. The Company has evaluated the impact of the amendment and the adoption did not have an impact on the Company's consolidated financial statements.

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which will replace IAS 1 *Presentation of Financial Statements*. IFRS 18 will establish a revised structure for the consolidated statements of comprehensive income and improve comparability across entities and reporting periods. IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted. The new standard is required to be adopted retroactively, with certain transitions provisions. The Company is evaluating the impact of adopting IFRS 18 on the consolidated financial statements.